

ts Gets Hotter

ENGLAND BLASTS INTO ROUND 2



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Holbrooke Fails In Kosovo Talks; Attack Expected

Belgrade Said to Deploy Troops For Broad Offensive to Retake Regions Controlled by Rebels

By Chris Hedges
New York Times Service

PRISTINA, Serbia — After the failure of the Richard Holbrooke, the U.S. troubleshooter, to arrange a cease-fire agreement with separatist ethnic Albanians, Belgrade has ordered its military and special police to carry out wide attacks in Kosovo to recapture pockets held by the rebels and reopen roads that have been blocked for weeks. Western diplomats and military officials said Friday.

Mr. Holbrooke, who ended his five-day Kosovo mission on Friday after talks with the Yugoslav president, Slobodan Milosevic, and with ethnic Albanian leaders, had hoped to secure an agreement from the Kosovo Liberation Army rebels to take down barricades along main routes in the province, especially the roadblock set up for the last seven weeks at Lapushnik on the road from Pristina to Pec.

Mr. Holbrooke had hoped to use the reopening of roads to stave off a large-scale attack against the insurgents by the 50,000 special police and military deployed in the Serbian province.

The rebels, who lack a central command structure and say they will fight until they have achieved their goal of an independent state, rebuffed Mr. Holbrooke's entreaties.

There are signs that an attack is imminent, perhaps hours or days away. Belgrade, which is spending about \$2 million a day to keep its forces deployed in Kosovo, apparently believes that another strike against the rebels, who have taken control of as much as 40 percent of the province since March, will be the final blow.

This would be the third, and largest offensive against the rebels since March. Each assault has only worsened the violence and pushed the province, where ethnic Albanians outnumber Serbs nine to one, into open rebellion against Serbian rule.

Serbian fighter-bombers, in a display of firepower, roared in pairs down the runway of the Pristina airport.

See KOSOVO, Page 4

9 North Koreans Dead in Submarine

By Don Kirk
International Herald Tribune

SEOUL — The bodies of nine North Korean sailors and agents were discovered Friday inside a captured North Korean midget submarine, shot and killed in what South Korean officials called an apparent murder-suicide.

Officials said there were signs of a struggle inside the submarine, as four North Korean agents apparently shot themselves to death after first killing five sailors.

South Korean authorities also said there were indications that the vessel, which was captured after becoming entangled in a fisherman's net off the South Korean coast Monday, had been on a spy mission, leaving them divided about how much of an issue to make of this latest North Korean incursion.

Several hours after a South Korean navy underwater demolition team gingerly bored into the submarine and found the bodies, the Defense Ministry demanded that North Korea admit "this act of aggression," explain its purpose and guarantee that it not be repeated.

At the same time, however, the South Korean unification minister, Kang In Duk, took pains, at a breakfast of the Federation of Korean Industries — made up of leaders of Korean *chaebol*, or conglomerates — to distinguish between "economic and political differences."

"Exchange and cooperation with the North should not be affected by this abrupt incident," he said.

While Mr. Kang saw no change in President Kim Dae Jung's "sunshine" policy of economic opening to the North, the Defense Ministry called the submarine's incursion a violation of the

See KOREA, Page 4

Algerians Protest Slaying of Popular Singer



Residents of Tizi Ouzou taking to the streets Friday after the murder of the singer Loumous Matoub. Although Islamic militants were blamed, the marchers denounced the president. Page 2.

World Cup, Act 2: All or Nothing

Remaining 16 Teams Shift Gears for the Knockout Phase

By Rob Hughes
International Herald Tribune



ENGLISH TRIUMPH — Tony Adams, left, congratulating his teammate David Beckham, who had just scored in England's 2-0 victory over Colombia on Friday. Page 21.

PARIS — Relentlessly, this huge event that is the World Cup moves on.

The cast of nations is down to 16 from 32 and in Marseille and Paris on Saturday, in Lens and Saint Denis on Sunday, the second phase gets under way with a change of pace and emphasis. The league-standings first round, where caution or complacency could disguise the true strength of teams jockeying for points, is over. Now each match has the true essence of knockout cup soccer, the all-or-nothing reality of deciding who is the best on earth.

The games now gear up a notch. In Marseille at 4:30 P.M. on Saturday, Italy cannot afford a recurrence of its early neurosis — its fear of weaker opponents — if it is to get the better of Norway.

As evening turns to night on Saturday, Brazil encounters Chile in an intriguing Latin duel at the Parc des Princes in Paris.

This could be pistols at 12 paces because the Chilean strength is undoubtedly its striking duo of the quick, sharp (El Matador) Marcelo Salas and the tall, supportive Ivan Zamorano. No team has yet resisted this partnership, and Brazil's defense is vulnerable.

The Norwegians, meanwhile, proved against Brazil that they were mentally ready, athletically sturdy and not respectful of reputations.

They defend with claustrophobic meanness, they break with tenacity and their indomitable lone forward, Tore Andre Flo, simply hungers to run down

See SOCCER, Page 20

Split in Unionist Vote May Weaken Northern Ireland Assembly

By Warren Hoge
New York Times Service

BELFAST — Parties committed to the Northern Ireland peace settlement emerged winners on Friday in the election for the new assembly, but candidates opposed to the accord won enough seats to call into question the value of that victory.

The results showed that the province's two biggest parties, the Ulster Unionist Party of David Trimble and the Social Democratic and

Labour Party of John Hume, would get the chance to fulfill their historic pledge to work together to end the sectarian conflict that has cost more than 3,200 lives since 1969.

But the counting that began Friday of the ballots from Thursday's election was also exposing deep divisions in Mr. Trimble's support as many party members deserted him to cast their votes for other Unionist parties wary of the Roman Catholic and Protestant cooperation called for in the peace settlement. The split in the vote came only among Protestants, as Cath-

olics virtually unanimously voted for candidates supporting the peace plan.

The mixed results, reflecting fiercely held political and community convictions, placed in doubt the prospects for a smooth running legislature, the centerpiece of the new constitutional arrangements aimed at bringing stability to this long tumultuous province.

The accord called for the creation of the assembly to return local government to Northern Ireland after 27 years of direct rule from London, and it structured the body under a strict

power-sharing formula. The settlement, agreed to on April 10 after 26 months of negotiations, also laid out other provisions to try to bring Northern Ireland's long-warring Protestant and Catholic communities together. In referendums May 22 in Ireland and Northern Ireland, it was endorsed by an overwhelming number of Catholics but only a slight majority of Protestants.

Mr. Trimble in recent weeks had sought to broaden Protestant support, abruptly trans-

See ULSTER, Page 4

Sicilians Wary of Mafia as Army Leaves

By Alessandra Stanley
New York Times Service

PALERMO, Sicily — It was supposed to be a day of triumph and liberation, as thousands of Italian soldiers began pulling out of Sicily after a six-

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Bahrain	1,000 BD
Cyprus	55 c
Denmark	14.00 Dkr
Finland	12.00 FM
Gibraltar	£ 0.85 Rep. Ireland, IR £ 1.00
Great Britain	£ 0.90 Saudi Arabia ... 10 SR
Egypt	£E 5.50 S. Africa ... R12 + VAT
Jordan	1,250 JD U.A.E ... 10.00 DH
Kenya	K. SH. 160 S. Africa (Ecu) ... 1.20
Kuwait	700 Fils Zimbabwe ... Zm 540.00

year military operation to restore order in a land virtually ruled by the Mafia.

But as regular police officers in blue uniforms took up the vacated posts on Thursday in front of the Palace of Justice, prosecutors' homes and other buildings at high risk of attack, many Sicilians seemed mournful.

"For those of us who have lived it, the emergency is not over," complained Rita Borsellino, a pharmacist whose brother, a prominent anti-Mafia prosecutor, was killed by a car bomb in 1992. "The soldiers had a deterrent effect, and they symbolized the active presence of the state. The war is still going on, so why stop now?"

The killing of Paolo Borsellino and his partner, Giovanni Falcone, by the Mafia traumatized Italian society and galvanized it to wage an all-out war against organized crime. It was those slayings that prompted the government to send troops to Sicily.

In a blow to the Sicilian Mafia, po-

lice arrested scores of suspected mobsters on Friday, including the sister of a top boss. The Associated Press reported from Palermo.]

The Italian government decided to withdraw its troops for reasons both practical and symbolic: Many of the most dangerous Mafia bosses have been captured, Palermo is relatively peaceful, and the cost of maintaining a military presence here is high.

In addition, Italy, which recently was admitted to the European monetary union, wants to shed the image of a nation that needs a peacekeeping force occupying its own territory.

But many prosecutors insist that the war against the Sicilian Mafia is by no means won. They argue that for other practical and symbolic reasons, it would be better for the army to stay.

"The question is whether a retreat of the army at this time is opportune," said



FREE IN ARKANSAS — Susan McDougal, former Whitewater associate of the Clintons', smiling at a press conference after her unexpected release from prison. Page 3.

See ITALY, Page 4

AGENDA

Employers Liable in Sexual Harassment

The U.S. Supreme Court ruled Friday that employers are responsible for incidents of touching, offensive remarks and other forms of sexual harassment in the workplace.

The justices also said that a worker who spurns a boss's advances, and does not lose his or her job, can still collect financial damages.

The 7-to-2 ruling raised the stakes for employers trying to deal with a wide range of sexual conduct and abuse in the workplace. Page 4.

Graf Loses to Zvereva In Wimbledon Play

Natasha Zvereva beat Steffi Graf in straight sets Friday in the third round at Wimbledon. It was Zvereva's first victory over Graf in 18 matches. Page 19.

The Dollar

New York	Friday 8:45 P.M.	previous close
DM	1.8087	1.7985
Yen	142.25	142.2
FF	6.068	6.028
Pound	1.6616	1.6718

The Dow

Friday close	percent change
+ 8.96	8,944.54
	+ 0.10%

S&P 500
+ 3.83

Nasdaq
+ 6.28

The Intermarket
Page 7.

Catholics and Lutherans Settle a Historic Doctrinal Dispute

By Gustav Niebuhr
New York Times Service

In a decision intended to resolve an issue that split the Western Christian world nearly 500 years ago, the Vatican has said it will sign a declaration with most of the world's Lutherans affirming that Roman Catholics and Lutherans share a basic understanding of how humans beings receive God's forgiveness and salvation.

The document, approved last week by the Lutheran World Federation, declares that Catholics and Lutherans have found an essential common ground on the issue of "justification," the action by which a human being is made worthy of salvation.

The Reformation leader Martin Luther held that justification comes solely through faith in God, while the Catholic church taught that a person's good

works play a role. Now, through the declaration, Catholics and Lutherans agree that divine forgiveness and salvation come only through God's grace and that good works flow from that.

The consensus, while acknowledging that serious differences remain between the two churches on the issue, represents a new appreciation for basic elements in each other's teachings along with recognition of beliefs they share. The declaration is a result of years of biblical scholarship, inter-church dialogue and a renunciation of age-old stereotypes.

Catholics and Lutherans also remain divided by major issues of faith, such as the infallibility of the Pope and the ordination of women.

Although the debate on justification might seem rarefied to people outside these churches, it has historically been heated and regarded by Lutherans and other Protestants as crucial to their re-

ligious identity. While Catholics and Lutherans have been increasingly working together in the United States and in Germany in recent years, the legacy of the Reformation has kept tensions alive between the two groups in some other parts of the world.

In accepting the document called "The Joint Declaration on the Doctrine of Justification," Catholics and Lutherans agreed that the condemnations they hurled at each other in the 16th century, as Europe slid into a devastating period of religious warfare, no longer apply.

Announcing the Vatican position in Rome on Thursday, Cardinal Edward Cassidy, president of the Pontifical Council for Promoting Christian Unity, said, "I wish to stress that the consensus reached on the doctrine of justification, despite its limitations, virtually resolves a long disputed question at the close of the 20th century, on the eve of the new

millennium." But both Cardinal Cassidy and the Vatican, in its statement, said that areas of considerable disagreement required further discussion.

The cardinal also said that the declaration "has limits," in that it does not address major differences between Catholics and Lutherans on such issues as authority in the church.

But the cardinal said a signing would take place in the fall.

The declaration is a carefully nuanced document based on 30 years of discussions between Catholic and Lutheran theologians.

"Together we confess," the declaration states, "by grace alone," human beings are "accepted by God and receive the Holy Spirit," which renews their hearts and calls them to good works. It goes on to acknowledge specific differences in Catholic and Lutheran understandings of certain aspects of the issue, including a disagreement on whether a person remains a sinner after receiving forgiveness.

The declaration's acceptance by both the Vatican and the Lutheran federation represents a triumph for supporters of the ecumenical movement.

It comes at a time of growing awareness among Christians in the United States and Europe of a need to pull together in the face of challenges from the growth of faiths like Islam and Buddhism.

In practical terms, Catholic and Lutheran officials said the declaration about justification would ease tensions between the two groups in such regions as Latin America and Eastern Europe while encouraging broader cooperation, such as in shared social service programs for the poor, in nations like the United States, where relations between the churches are good.

BRIEFLY

Yeltsin to Review Nuclear Policy

MOSCOW — President Boris Yeltsin will summon his Security Council next week to review long-term Russian policy in the area of nuclear deterrence and the development of strategic nuclear weapons, his spokesman said Friday.

Sergei Yastrzhembsky, quoted by Interfax press agency, did not make clear what would be discussed. The meeting comes amid international efforts to diffuse a crisis sparked last month when India and Pakistan conducted underground nuclear tests.

Another issue is the START-2 arms reduction treaty between Russia and the United States. The U.S. Senate has ratified the 1993 pact, which would cut U.S. and Russian-deployed nuclear warheads from about 6,000 each to no more than 3,500 each, but the Russian Parliament has not.

(Reuters)

Slain Singer Is Mourned By Algerians

By Craig R. Whitney
New York Times Service

PARIS — News of the death of the Algerian singer Loumous Matoub, apparently at the hands of Islamic fundamentalists, brought expressions of grief Friday from the large Algerian community and tribute from French leaders in France, where it was front-page news.

Mr. Matoub, 42, who was kidnapped by Muslim militants in Algeria four years ago and had lived mostly in France since, was killed in an ambush east of Algiers on Thursday.

"He was a man who was the voice of Algeria, loud and clear," said President Jacques Chirac of France during a visit to Africa.

Demonstrators marched through the streets of Tizi Ouzou, near his home town in the Kabyle region of Algeria, on Friday and chanted "Zeroual, assassin," blaming the Algerian president, Liamine Zeroual, for Mr. Matoub's death, Reuters reported.

Riot police dispersed the marchers, who threw stones at them.

His death came shortly before the entry into force of a law making Arabic the sole official language in Algeria, a step that Mr. Matoub and other Berbers resisted as a blow to other native languages.

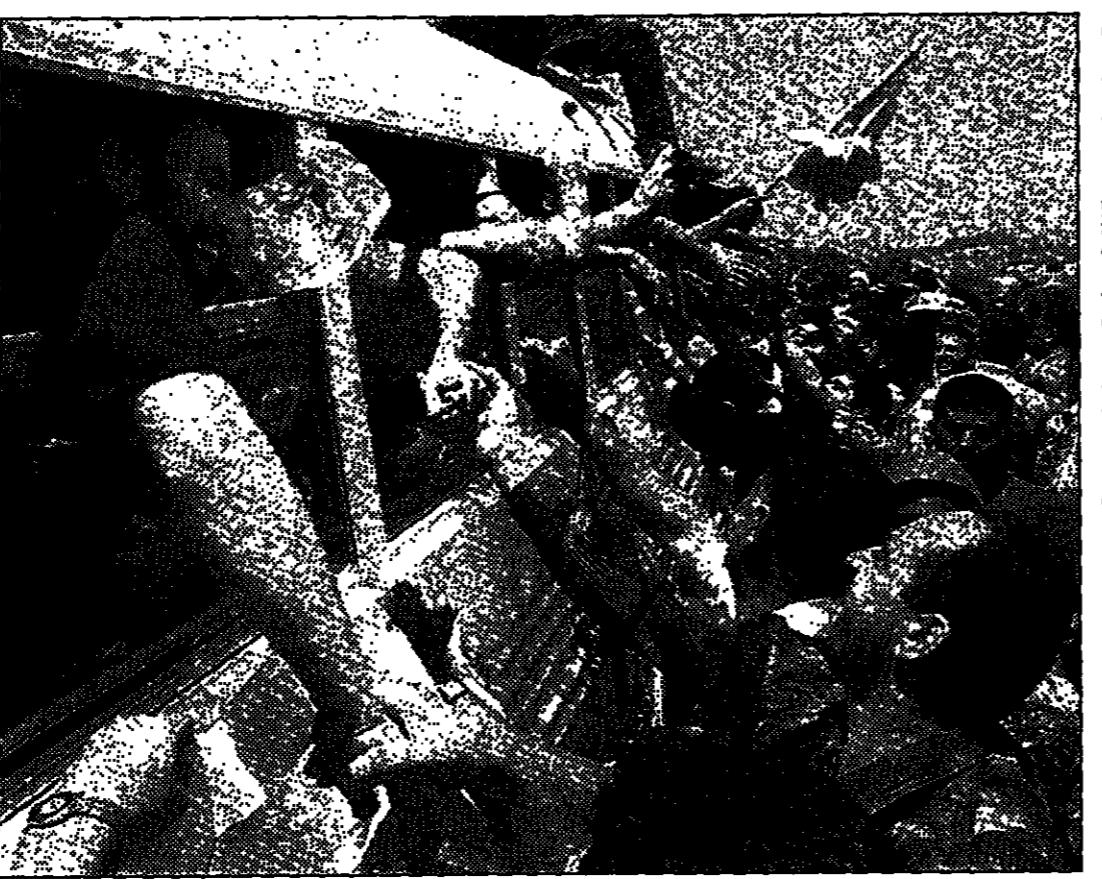
Hundreds of thousands of the Berber people, a minority in a country of 30 million, regarded him as an enemy of both the Islamic fundamentalists and the authorities.

The civil war in Algeria, which has claimed 70,000 lives, began after the authorities in Algiers canceled elections in 1992 that radical Islamic parties were poised to win.

In his songs, in Arabic and in the Kabyle language of the Berbers, Mr. Matoub expressed bitterness at the killing and love for the land where he was born, in direct and sometimes earthy language that Islamic purists regarded as decadent.

When the militants kidnapped him in 1994 and held him for two weeks, more than 100,000 Algerians demonstrated to demand his freedom.

He came to France three months later and gave two sold-out concerts in Paris before leaving again to sing in Kabylie, but had lived most of the time since in France, returning only a few weeks ago.



Relatives cheering the prisoners released Friday by Israel as they arrived by bus in Lebanon. (Reuter's Photo)

60 Lebanese Released In Israeli Exchange

Compiled by Our Staff Photo Dispatches

MAJDELYOUN, Lebanon — Israel freed 60 Lebanese prisoners on Friday to complete an exchange for the remains of at least one Israeli soldier who died in a failed commando raid 10 months ago.

Amid tears and hugging, the Lebanese men were reunited with friends and families, then whisked off to a dinner given by Prime Minister Rafik Hariri at his residence in Majdeleyoun, near the port city of Sidon.

"We tell the families of the martyrs and prisoners that the government will make every possible effort to free all the prisoners, liberate all the Lebanese soil and return the bodies of all martyrs," Mr. Hariri said at a ceremony broadcast on national television.

The release of the prisoners completed a deal that began Thursday when Israel returned the bodies of 40 slain guerrillas for the remains of Israeli soldiers torn apart by explosives during a failed commando raid last September.

In Jerusalem on Friday, Defense Minister Yitzhak Mordechai urged Lebanon to negotiate an agreement on an Israeli troop withdrawal from southern Lebanon.

"Very much hope that the Lebanese will move forward with the initiative in order to change the situation in Lebanon," Mr. Mordechai said, adding that he hoped the Syrians would give their blessings to such negotiations.

But Lebanon has informed Israel that it will not conduct any negotiations until Israel has reached agreement with the Palestinians on the scope of a West Bank troop withdrawal, the Ha'aretz daily paper quoted diplomatic sources as having said. The paper said that Foreign Minister Farouk Boulez of Lebanon asked a third country to convey the message to Israel. (Reuters, AP)

U.S. 'Behavior' Is Not Conducive to Talks, Iran Says

By Elaine Sciolino
New York Times Service

TEHRAN — Iran has reiterated its rejection of a political dialogue with the United States, as a deputy foreign minister praised the Clinton administration for softening its hostile tone but sharply criticized Washington for not abandoning its punitive policies against his country.

Mr. Zarif, who studied at Columbia University and San Francisco State University and holds a doctorate in international relations from the University of Denver, served as a diplomat at the United Nations for nine years, and is known for his conciliatory tone, even when it comes to discussing the United States.

His remarks amplified those made by Foreign Minister Kamal Kharazi in Spain last week in which he said that if the United States is serious in improving relations with Iran, it must prove it with "facts."

Neither President Mohammed Khatami nor Iran's spiritual leader, Ayatollah Seyed Ali Khamenei, has reacted publicly to Mrs. Albright's speech, which was the result of long deliberations within the Clinton administration.

remnants of a Cold War mentality."

Among other issues, Mr. Zarif cited the continuation of a U.S. trade embargo against Iran and U.S. opposition to the building of a pipeline through Iraq to transport oil from the Caspian Sea as proof of U.S. ill will toward his country.

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Neither President Mohammed Khatami nor Iran's spiritual leader, Ayatollah Seyed Ali Khamenei, has reacted publicly to Mrs. Albright's speech, which was the result of long deliberations within the Clinton administration.

In a speech Tuesday, Ali Akbar Nateq-Noori, speaker of the Parliament, did not refer to Mrs. Albright's remarks, but he said, "It is a mistake to imagine that America has given up mischief."

Iran is embroiled in a high-stakes political battle between supporters of Mr. Khatami, who has pushed for the creation of a civil society and the rule of law, and conservative supporters of Ayatollah Khamenei, who are determined to uphold revolutionary values. Improving relations with the United States is not high on the agenda.

In the interview, Mr. Zarif also faulted Mrs. Albright for repeating charges against Iran that it sponsors terrorism and is developing a dangerous program of nuclear, chemical and biological weapons and ballistic missiles. "She made a big mistake, big mistake," Mr. Zarif said.

On the U.S. call for an official dialogue between the two countries, he added, "We don't believe that the behavior of the United States shows yet that it is ready for a dialogue based on mutual respect."

Mr. Zarif acknowledged that even

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Yeltsin to Review Nuclear Policy

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Yeltsin's press agency, quoted him as saying what would be discussed. The meeting comes amid international efforts to diffuse a crisis sparked by India's underground nuclear test.

The test is the START II reduction treaty between the United States and Russia.

India and Pakistan

have each to no more than

the Krasnaya Pres

newspaper

High Court Holds Employers Liable for Sex Harassment by Bosses

By Joan Biskupic
Washington Post Service

WASHINGTON—Employers are responsible for lewd remarks, offensive touching and other sexual harassment engaged in by supervisors, the Supreme Court ruled Friday. The justices also said that a worker who spurns a boss's sexual advances and does not lose his or her job still can win monetary damages from the company.

The long-awaited, 7-to-2 rulings in a pair of cases raised the stakes for employers trying to deal with the wide range of sexually tinged conduct and abuse in the workplace. The message to private companies and government employers was: Get serious about sexual harassment or you will pay.

The justices observed that 12 years after the court first said that sex harassment was a form of sexual discrimination forbidden by law, it was obvious that harassment was still a common problem in American offices, factories and other workplaces.

"An employer can, in a general sense, rea-

sonably anticipate the possibility of such conduct occurring in its workplace," Justice David Souter wrote, "and one might justify the assignment of the burden of the unwelcome behavior to the employer as one of the costs of doing business, to be charged to the enterprise rather than the victim."

By ruling that employers are subject to "vicarious liability" in all cases of harassment by supervisors, the justices put the burden on the companies to come up with policies against sexual misconduct and enforce them. But the court also provided new clarity for employers and specific steps to follow:

Lower courts were conflicted over when employers are responsible for supervisors' harassment and whether a man or woman could sue for damages when threats of retaliation for spurned sexual advances went unfulfilled.

On Friday, the high court said employers always are potentially liable for a supervisor's sexual misconduct toward an employee. Then the court distinguished between cases in which a worker lost his

or her job or a promotion, or suffered some other tangible job loss. It said that a company would always be liable if there was a tangible loss.

But it said that if the threats went unfulfilled, the employer would have a chance to overcome liability with two defenses. It said an employer could show that it had taken reasonable care to prevent and promptly correct harassment and that the employee had failed to take reasonable steps to either prevent or stop the harassment.

One of the cases involved Beth Ann Faragher, who was a lifeguard for the city of Boca Raton, Florida, and was abused by two supervisors. They patted her thigh, slapped her on the rear, and called her and other women offensive names.

A federal court had ruled in the case that the city or any other employer could be held liable for a supervisor's harassment only if the employer had given the supervisor authority to harass. The Supreme Court overruled that decision, saying that a supervisor works as an agent for the company and that his harassment necessarily

alters the terms of a victim's employment and violates federal law against job discrimination.

"When a fellow employee harasses, the victim can walk away or tell the offender where to go," Justice Souter wrote, "but it may be difficult to offer such responses to a supervisor."

The second case involved Kimberly Ellerth, who worked in marketing for Burlington Industries in Chicago and whose boss told her, "I could make your job very hard or very easy," and asked her to wear shorter skirts, ogled her body, and touched her inappropriately. She never submitted and was promoted despite rejecting her boss. The justices said she could sue and sent the case back to lower courts.

■ Other Rulings on Last Day of Session

There were these other highlights of the final day of the high court's 1997-98 session, The Associated Press reported:

• In an unusual double-jeopardy ruling, the court made it easier for states to punish habitual

criminals with stiffer sentences based on their past crimes. The justices, by a 5-4 vote, ruled that the constitutional protection against being tried twice for the same crime does not apply to sentencing proceedings in noncapital cases.

• Let the government continue banning the sale of Penthouse and other sexually explicit magazines on military bases. The court, without comment, turned away arguments by Penthouse's publisher that the ban enacted by Congress in 1996 wrongly discriminates against magazines that "deal with sexuality as healing and enjoyable."

• Turned away a dispute over a Utah public school teacher's alleged in-class religious activities, letting stand a ruling that has raised concern nationwide among supporters of strict church-state separation. The court, without comment, refused to revive a former Salt Lake City high school student's federal lawsuit that accused a music teacher of violating her religious rights by using his class to promote the Mormon religion.

World Bank Resumes Loan Program for India

By David E. Sanger
New York Times Service

NEW YORK—Six weeks after India conducted nuclear tests that prompted economic sanctions by the United States, the World Bank has resumed its lending program to New Delhi with the endorsement of the Clinton administration.

U.S. officials said Thursday that the aid, \$545 million in loans, is chiefly humanitarian and thus exempt from sanctions.

The American decision suggested that, despite President Bill Clinton's warnings about the harm that economic sanctions would do to India and Pakistan, which later conducted tests of its own, most World Bank projects would probably move ahead. The bank focuses most programs on health, nutrition, education and rural development.

KOSOVO: New Attack Expected

Continued from Page 1

The Serbian military, which has been warned that NATO could launch strikes if the troops and policemen are not withdrawn from Kosovo, has set up 30mm anti-aircraft weapons and SA-9 surface-to-air missiles around the airport and on hills.

There has been a heavy concentration of armor and heavy artillery on the edge of the rebel-held pockets and there were large-scale troop movements along the roads outside of the provincial capital.

"All the signs are there of a pending attack," said a senior Western military official. "It will take the Serbs a few hours to roll into these areas and smash through the roadblocks."

"The rebels don't stand a chance, but this attack will trigger a wider, deadlier war, bringing the conflict to the cities, creating small, mobile bands of armed men that could see fighting here last for years."

"The Serbs will have some short-term gains, but this assault could mean that in the end they have lost Kosovo."

In a last-ditch effort to prevent such an attack, the U.S. ambassador, Richard Miles, and Christopher Hill, the U.S. ambassador to Macedonia, drove out to the rebel barricade at Lapushnik shortly after Mr. Holbrooke's plane left.

The diplomats sat on a grassy slope next to two white armored embassy vehicles waiting for a local rebel commander, who appeared after about 30 minutes in fatigues and a beret.

"We are against all blockage of roads," Mr. Hill told the commander. "We need time. We are deeply concerned and deeply engaged in finding a peaceful solution, but a peaceful solution is the only solution."

The rebel commander made no commitments but promised to deliver the message to his superiors.

The American diplomats traveled back to Pristina along the deserted road, covered with spent shell casings, subdued and despondent.

ITALY: As the Army Leaves, Sicilians Worry About Mafia's Return

Continued from Page 1

Like his colleagues, Mr. Caselli still has a phalanx of armed bodyguards.

Palemo is less palpably tense than it was in 1992, when car bombs and brutal assassinations in broad daylight were an almost weekly event.

There are a few vivid signs of newfound normality: The 19th-century neoclassical opera house, Teatro Massimo, reopened in April with a performance of "Aida." It was closed for minor repairs in 1974, but renovation funds were siphoned off by the Mafia as they were for hundreds of public works projects in Italy's South.

In the last few years, hundreds of Mafia members have been arrested and convicted, including figures like Salvatore Riina, the "boss of bosses," who was given a life sentence last year for his role in the killing of Mr. Falcone.

No prosecutors have been killed since the army arrived, and that alone has led many to conclude that the most dangerous crime networks have been dismantled. But that opinion is not shared by judges and prosecutors.

"The Mafia has been dealt a harsh blow, but it is an organization that knows how to reconstruct and survive in bad times," said Gian Carlo Caselli, the chief prosecutor in Palermo.

"It has gone underground," he said, "but the Mafia wouldn't be the Mafia unless it had deep alliances in the world of politics and high finance."

It is unclear whether the administration will seek to block electric power projects, which are often part of development programs.

U.S. officials have previously said that the sanctions are ending military sales to both governments, but they have not banned trade, bank loans to privately owned companies or investment by American companies. Military sales, munitions exports and small military training programs have been terminated. Financing by the government's Export-Import Bank, including \$500 million in pending deals in India, will not go forward.

The new World Bank loan is for Andhra Pradesh, a state that has been a leader in economic reform. The state has 73 million people, and the bank said about 30 percent of the children suffer from malnutrition. The literacy rate is 44 percent, lower than India's average.

The package the bank approved is directed at those problems, including projects to ensure that more children complete primary school, to train health workers and to pay for immunization and nutrition services for preschool children and pregnant and nursing women. Money for irrigation systems and the maintenance of rural roads is also included.

U.S. officials said all the programs fall under an exception in the 1994 Nuclear Nonproliferation Act. That law requires Washington to cut off virtually all direct aid to nations that conduct nuclear tests; it also bans American banks from making loans to their governments and mandates that the United States vote against aid to those countries by the World Bank and the International Monetary Fund.

But the law exempts aid for "basic human needs," a category that is not defined in the legislation.

It is up to the U.S. administration to devise a definition, and it appears to have chosen a relatively broad one, especially after it became clear that other industrialized countries would not join in voting against most World Bank programs for the poor.

The United States has about 18 percent of the voting power in the bank, not enough to block a program by itself.

The Serbs will have some short-term gains, but this assault could mean that in the end they have lost Kosovo."

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TIME CHECK — President Fidel Castro of Cuba, right, checking his watch Friday as he greets President Ernesto Samper of Colombia, who was in Havana for a health conference for nonaligned countries.

British EU Envoy Breaks Isolation of Nigeria

Reuters

LAGOS — Nigeria's new military ruler, General Abdulsalami Abubakar, met with a European Union envoy on Friday, signaling Nigeria's emergence from diplomatic isolation after the death of General Sani Abacha, diplomats said.

They said General Abubakar's talks with a British junior Foreign Office minister, Tony Lloyd, which lasted more than an hour, focused on restoring democracy to Africa's most populous nation.

Mr. Lloyd's visit on behalf of the EU, the first by a British minister since 1996, would have been unthinkable before the June 8 death of General Abacha, who was condemned for abusing hu-

man rights and ignoring democracy.

High on the agenda was the plight of Moshood Abiola, the presumed winner of the 1993 elections whose annulment by the military is at the root of the country's current political and economic stalemate. Mr. Abiola's name was conspicuously absent from the list of 17 detainees released by General Abubakar on Thursday. Those freed included Olisa Agbokoba, an opposition leader and anti-Abacha campaigner, as well as other opponents of the late strongman.

Emeka Anyaoku, secretary-general of the Commonwealth, which suspended Nigeria in 1995 for executing Ken Saro-Wiwa, an author, and eight other minority rights activists, said he would visit Ni-

geria over the weekend to encourage General Abubakar to restore democracy.

The positive steps taken so far by Nigeria's new head of state, including the release of some political detainees, are a promising start, which I, in my official capacity as Commonwealth secretary-general and as a Nigerian, very much welcome," Mr. Anyaoku said in a statement in London. "I am greatly looking forward to my talks with General Abubakar."

The United States, which like the EU and the Commonwealth imposed limited sanctions on General Abacha's regime, said it would send a high-level delegation to Abuja, the capital, as soon as

the military government could meet it.



David Trimble, the Ulster Unionist leader, sipping tea after his victory.

ULSTER: Split in Unionist Vote May Weaken Province's Assembly

Continued from Page 1

defending himself from a tribal politician demanding the diminishing Protestant majority in Northern Ireland to a leader daring to talk of forming inclusive government and reaching accommodations with Catholics.

Six of his nine Ulster Unionist colleagues in the British Parliament, however, failed to back him, and the Protestant politicians who voted "no" in the referendum, led by the gruff preacher Ian Paisley, vowed to elect enough people to the 108-member assembly to frustrate its efforts to share authority with Catholics. With the count still incomplete, it was not clear whether they had gained the estimated 30 seats necessary to achieve that goal, but they were showing surprising strength.

"We are going to nail the hide of Mr.

Trimble and the hide of Mr. Blair, two liars, to the fence," Mr. Paisley said with jubilation as he followed the count from his North Antrim district. Prime Minister Tony Blair was a spoiler of the peace talks that led to the settlement and had tried to shore up Mr. Trimble when he came under attack from dissident Unionists.

As he waited for the results in his Upper Bann district, Mr. Trimble said, "I hoped we were making progress since the referendum, but it might be we are slipping back a little bit."

Even Gerry Adams, president of Sinn Fein, the political wing of the Irish Republican Army, expressed concern at the blow to Mr. Trimble's leadership. "The Unionists' vote has shredded, and that's regrettable," he said.

One of the assembly's early obligations is to create a cross-border council

that will bring together members of the government of Ireland and the new government of Northern Ireland. Mr. Paisley and his followers have vowed to stymie that, saying Friday that they intended to "destroy the pan-nationalist front."

Nationalist is the term for people, largely Catholic, who seek eventual absorption into the Republic of Ireland. Unionists are those, mostly Protestant, who favor remaining within the United Kingdom.

Gregory Campbell, a member of Mr. Paisley's Democratic Unionist Party, who won a seat from Londonderry, said, "Anything in the assembly that is likely to lead us closer to the Republic of Ireland, we will block, will vote against and we will endeavor to stop."

The assembly will also create a 12-man executive, and one of them will be Mr. Adams, who was a winner Friday in his West Belfast district.

The new speaker of the assembly, called the "First Minister," will most likely be Mr. Trimble, although in a far weaker state than he had hoped. Mr. Hume will almost certainly serve as the deputy.

What appeared to have cost Mr. Trimble support were disputes in recent weeks over disarmament of paramilitary groups like the IRA and the early release of paramilitary prisoners. His critics said that without firmer conditions governing those two matters than existed in the final settlement document, members of parties linked to paramilitary groups like Sinn Fein could take office in the new Northern Ireland government without making any permanent commitment to ending violence.

In a place where mistrust is so deep and the memory of bloodshed is so fresh, such arguments have great force, and Mr. Trimble's calm reassurances and lung for the statesmanlike stance were no match for them.

In the early counting, the Ulster Unionists were performing so poorly and the Social Democratic and Labour Party was showing such surprising strength that Mr. Hume's party was within reach of supplanting Mr. Trimble's as the biggest vote-getter.

In recent elections, Sinn Fein had been capturing more and more of the Catholic vote from the Social Democratic and Labour Party, and Mr. Adams had hoped to continue that trend in this vote. But it was Mr. Hume and his party that made gains at the expense of Sinn Fein.

India Cites U.S. As Security Concern

NEW DELHI — India said Friday that security concerns over the United States, as well as over China and Pakistan, played a part in its nuclear tests last month.

Defense Minister George Fernandes said New Delhi's decision to stage the tests was justified because of the presence of three nuclear powers in India's neighborhood.

"There is Pakistan in the west," he said, "China in the north and the United States in the south in Diego Garcia." The United States has a naval base in Diego Garcia, an Indian Ocean island.

K. C. Pant, a former defense minister, said this month that "India's security concerns extend beyond South Asia."

In Taiwan, Spread Of Virus Is Slowing

TAIPEI — Experts said Friday that the spread of an intestinal virus was slowing, but urged parents to take steps to protect their children from the contagion for which no vaccine has been found.

"The decline is encouraging," said Umesh Parashar of the U.S. Centers for Disease Control. He added that personal hygiene and other preventive steps were effective in avoiding infection.

Officials say the virus has killed 50 young children in Taiwan and led to 253 being hospitalized.

(Reuters)

Cambodia Leader Calls for Fair Vote

SAMRONG TONG, Cambodia — The Cambodian leader Hun Sen called

Republicans Spot Targets in Clinton's China Visit

BRIEFLY

By Thomas B. Edsall
Washington Post Service

WASHINGTON — President Bill Clinton's trip to China has provided the Republican Party with a number of irresistible targets, even if it means offending the party's corporate allies.

"China-bashing scores political points," said a Republican polisher, Frank Luntz, who said his focus groups revealed strong animosity against the Asian nation.

Over the past couple of weeks, congressional Republicans have tried to score those points, pushing for measures that would punish China, including denying visas to Chinese officials who have engaged in religious persecution or forced abortion. Lawmakers even approved

a symbolic resolution instructing Mr. Clinton not to enter into new satellite agreements with China.

The trip itself offers Republicans the chance to play on American anxiety over a major Communist power, to focus public attention on foreign money fund-raising scandals, to portray Mr. Clinton as weak in foreign policy and to build support for increased defense spending.

These issues, party strategists say, encourage Republicans to vote in the off-year elections and are ideal for the party's presidential candidates seeking to build support among the same constituency.

"This is a good political story to push because it shows the contradictions about Clinton," said Bill McInturff, a Republican polisher. Geoff Garin, a Democratic

strategist, countered that while Republicans' criticism of the China trip "may help them a little bit with the Democratic blue-collar base, it hurts them just as much with their white-collar and business base."

But for many Republicans, the benefits of taking on the China trip outweigh the costs. "I suppose one can make the argument that some business groups engaged in substantial trade will be disturbed, but that is not a cost that initially strikes me as particularly expensive," said Whit Ayers, an Atlanta-based Republican polisher.

For prospective presidential can-

didates, the China issue provides an opportunity. "It is a big winner the more the public focuses on it, and I found in Iowa and New Hampshire that they are focusing on it more and more," said Gary Bauer, head of the

Campaign for American Families, who is considering a bid for the Republican presidential nomination.

For military hawks in the party, Mr. Clinton's trip to a Communist country armed with missiles pointed at the United States provides fodder for the drive to restore funding of the Strategic Defense Initiative, or "star wars."

"The Republican Party is prepared to have this become a political issue," the party's national chairman, Jim Nicholson, wrote in the Washington Times. "What Bill Clinton said back in 1996 about no foreign missiles being aimed at our kids wasn't true."

Perhaps most inviting is the op-

portunity to use the trip to focus public attention on 1996 Democratic

fund-raising involving contribu-

tions from contractors involved in technology transfers to China requiring administration approval and allegations of cash funneled into the Democratic Party from Chinese government agencies.

Not all Republicans are comfort-

able with this strategy. The House Ways and Means Committee, with the support of the speaker, Newt Gingrich, Republican of Georgia, voted Thursday to back Mr. Clinton's decision to renew most-favored-nation trade status for China.

Senator Chuck Hagel, Republi-

can of Nebraska, said he strongly

opposed any criticism of the China

trip. "To beat up on the president and then to try to intentionally em-

barass him and the Chinese is not

the right thing to do," he said.

President's 2 Valets Hassled

XIAN, China — A Chinese security guard tried to stop President Bill Clinton's two valets from boarding Air Force One on Friday, apparently because they are Filipino-Americans, the White House said.

The valets were carrying Mr. Clinton's bags aboard the plane at the airport in Xian for departure to Beijing when the guard began shouting at them as they climbed the airliner's back stairs, creating a commotion as reporters

were allowed two Chinese to board Mr. Clinton's plane surreptitiously. (Reuters)

The Internet Doctor Is In

XIAN, China — American and Chinese doctors consulted across cyberspace on Friday in the first successful live medical teleconference between their countries.

Secretary of State Madeleine Albright and Commerce Secretary William Daley visited the project Friday and hailed the potential of the Internet for improving health care and building bridges between people.

"We are crossing into new frontiers of medical communication," Mrs. Albright said. "We are using technology the way it should be used — to save and improve people's lives."

One case at the Medical University in Xian, the first stop on President Clinton's tour, involved a two-week-old baby who slipped into a coma shortly after birth and then came out of it.

Chinese doctors wanted to know what caused the problem and its long-term impact.

A second case involved a 12-year-old girl with an unidentified debilitating heart condition.

Doctors at Stanford University Medical Center and the Lucile Salter Packard Children's Hospital in California were seen on a computer screen. X-ray images of the Chinese patients were also transmitted. (Reuters)

Clinton Do the Tourist Bit

XIAHE, China — Not every tourist gets up close and personal with the terra cotta warriors of Emperor Qin Shihuang, but Mr. Clinton, his wife and their daughter were allowed into the pit to walk among a battalion of the 7,000-plus excavated statues lined up for battle.

Again, Mr. Clinton stopped before one of the life-size warriors and reached out to touch its face, modeled after a real person 2,000 years ago.

"Whenever I experience something like this I feel a little more humble and I also feel reminded that you have this limited amount of time on Earth and you have to do what you can to try to help people make the most of it," the president said.

Afterward, Mr. Clinton and his daughter, Chelsea, bought a warrior head from the museum gift shop after a bit of hard bargaining that brought the price down from about \$225 to \$45.

The president's chief of staff, Erskine Bowles, did the first family one better.

He bought a full-size reproduction of a terra cotta warrior for \$1,100. There was no word on how well his bargaining went.

"My wife will either like it or she's going to kill me," he said. (AP)

Talks With Dalai Lama Rejected

Chinese Official Calls Tibetan Leader a Relic of the Dark Ages

By Erik Eckholm
New York Times Service

often condemns him in the harshest of terms.

In an interview with the American-sponsored Radio Free Asia on Wednesday, Mr. Clinton said: "We think it's wrong to deny the Dalai Lama access to his people in Tibet," and, "We think it's wrong for the people of Tibet to be subject to any sort of religious, cultural or economic discrimination."

Mr. Clinton added that the United States did not seek independence for Tibet and that he understood China's historical fears of disintegration.

The Dalai Lama, hereditary spiritual and political leader to many Tibetan Buddhists, fled Tibet in 1959 as the Chinese Communists crushed a rebellion and began to remake the old society. From his exile in India he has made little headway toward greater independence for Tibet but has recently gained a wide following in the West.

In recent statements, the Dalai Lama has said he does not seek independence, but rather autonomy over civil affairs.

But Mr. Ye said Friday that the talk of greater autonomy was merely a trick. "He is turning a one-stage strategy for independence into a two-stage strategy for independence," the official said. If he continues on his current course, Mr. Ye said, the Dalai Lama "will meet retribution according to the Buddhist scriptures."

Mr. Clinton is under pressure from Congress and rights advocates to make China's rule in Tibet, which critics say is repressive, an important issue in bilateral relations.

There appears to be no chance

Mr. Clinton will make any headway

this week in defusing the Tibet is-

sue, and American officials have already said as much.

Mr. Ye's statements did not rep-

resent a change in policy for the

Chinese government, which has

long mistrusted the Dalai Lama and

has engaged in splitist activi-

ties.

It is a well known fact that the

Dalai Lama has betrayed his moth-

erland by going into foreign exile

and to grow, even thrive.

Continued from Page 1

summit agenda, hoping to win last-minute concessions from the American side, U.S. administration officials said.

U.S. hopes dimmed for substanti-

ve progress on human rights and

missile-technology transfers, and

the White House has so far been

dwarved in its pleas to allow live

coverage in China of the rhetorical

centerpiece of Mr. Clinton's visit,

the Beijing University speech.

Using unusually harsh lan-

guage, Samuel Berger, the na-

tional security adviser, said that the

Chinese internal security appar-

atus was "doing what comes nat-

urally" by harassing outspoken

dissidents who officials fear might

embarrass Beijing during the pres-

ident's visit.

People are not debris to be

swept up for a visitor," Mr. Ber-

ger said in a news briefing Friday

in Xian. Mr. Clinton's first stop on

his nine-day trip. "We certainly

will not accept this."

Human rights groups reported

that four dissidents were arrested

in two Chinese cities and that one

was driven out of Xian in the hours

before Mr. Clinton's arrival

Thursday night. The Associated

Press reported that as many as

three of the dissidents may have

been released Friday.

Mr. Berger tried to explain Beijing's

crackdown on dissidents as a remnant of

its police-state past, a preference for

order over political freedom.

"China is changing, but there are still

forces that are pulling the other direction,

that are resisting," Mr. Berger said,

adding: "I think China is an authori-

tarian nation, as I've said before. I think

there's been some progress in human

rights, but it has been not nearly

enough."

"In the area of public dissent, they are

still totally unacceptable," he said.

Earlier on Friday, Mr. Clinton said he

found reports of the arrests "disturbing,"

but he gave no indication that he would

change his approach to China in response.

"It makes it all the more important that we continue to work with the Chinese and engage them," Mr. Clinton said.

Mike Jendrzejczyk, director of Human

Rights Watch Asia, said that the

U.S. administration's unwillingness

to respond with more than

words to the arrests was a sign that the White House was "desperate

not to offend the Chinese."

He called on President Clinton

to signal his displeasure by with-

holding something the Chinese want,

such as the planned visit to

the United States this year by Prime Minister Zhu Rongji.

But Mr. Berger said the United

States planned to do nothing be-

yond verbally protesting the arrests.

He said it would be against U.S.

interests to impose any punishment

or withhold any agreements as a

result of the police action. He added

that the Chinese action was not as

severe as previous roundups of dis-

sidents before the arrival of impor-

tant foreign visitors.

Even as the White House was

defending the value of the summit

talks to U.S.-Chinese relations,

there seemed to be little move-

ment on issues Washington sees as

central.

The White House has been

pressing China to permit the live,

nationwide broadcast of Mr. Clinton's speech Monday, in which he

EDITORIALS/OPINION

Herald Tribune
INTERNATIONAL
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST**A Sound Veto Rejection**

In a sound and much-needed decision, the Supreme Court has rejected the line-item veto as a departure from the basic constitutional requirement that presidents accept or reject bills in their entirety.

The 6-to-3 decision, written by Justice John Paul Stevens, firmly cast aside government arguments that in canceling specific lines of the budget the president was merely exercising authority delegated to him by Congress. Instead the court found that the line-item veto violates the "presentment clause" of Article I. That clause establishes the process by which a bill becomes law.

—THE NEW YORK TIMES.

Microsoft's Big Victory

The decision this past week by the U.S. Court of Appeals for the District of Columbia Circuit was a significant victory for Microsoft, perhaps even more so than it initially appears.

The litigation dealt with whether Microsoft's practice of marketing its browser software, Internet Explorer, as part of the Windows 95 operating system violated a consent decree by unfairly using the company's dominant position in the operating system market to squeeze its competitors in the world of browsers.

A district court judge had ordered the company to detach its browser from the operating system; the question on appeal was whether the preliminary injunction had been issued properly.

The appeals court ruled that the lower court holding was procedurally flawed, because Microsoft never had a chance to argue against the preliminary injunction.

The divided three-judge panel also held that the district court's referral of the matter to a special master was "either a clear abuse of discretion or an exercise of wholly nonexistent discretion."

These holdings alone would have been big victories, but the court went further. Judge Stephen Williams seemed to go out of his way to reach the merits of the Justice Department's underlying charge that tying Internet Ex-

—THE WASHINGTON POST.

Peru's Political Prisoners

It is regrettable that Peru's president, Alberto Fujimori, did not listen to his new prime minister, who suggested that he pardon and exile Lori Berenson, an American serving a life prison sentence for her ties to violent Peruvian terrorists.

Ms. Berenson, a 28-year-old New Yorker, was convicted of treason in 1996 after a sham trial before a secret military court. She was not allowed to challenge evidence, cross-examine prosecution witnesses or call witnesses of her own. President Bill Clinton and Vice President Al Gore have asked Mr. Fujimori to allow her to be retired, with appropriate legal safeguards, in a civilian court. She has spent two years in prison and suffered health problems.

Prime Minister Javier Valle Riestra, a constitutional lawyer and human rights advocate who has been in office just three weeks, questioned the fairness of the trial and suggested that her expulsion would improve relations with the United States. Hundreds of Peruvian civilians have also been jailed

—THE NEW YORK TIMES.

Playing Games With Taxes

For sheer mischief-making irresponsibility, it is hard to top the House's action in voting to repeal virtually the entire federal tax code. What, you might ask, will replace it? There is no answer, except for a promise that the question will be addressed sometime in the next century.

The House voted to make the repeal effective on Dec. 31, 2002, and to require Congress to pass a new code less than six months before that, by July 4. Even if one assumes that the deadline would be met, the economic dislocations in the interim would be substantial.

Neither businesses nor individuals would be able to plan their affairs with any firm idea of what the tax laws were going to be. Will the interest on your new mortgage be deductible? Will your IRA remain tax-deferred?

Representative Steve Largent, the Oklahoma Republican who came up with this idea, argues that the certain death of the old tax code would make taxes a central issue in the 2000 pres-

—THE NEW YORK TIMES.

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The UN Should Intervene Before Force is Needed

By Kofi A. Annan

Mr. Annan is secretary-general of the United Nations.

DITCHLEY PARK, England — In the context of international relations, intervention has had a bad press in this century. After various "interventions" by assorted states, the word came to be used almost as a synonym for "invasion."

Yet in other contexts it has a more benign meaning. We all applaud the policeman who intervenes to stop a fight, or the teacher who prevents big boys from bullying a smaller one—not to mention the surgeon who saves lives by intervening to remove malignant growth, or to repair damaged organs.

So it should be in international affairs. The United Nations was established to act as a benign policeman or doctor. Our job is to prevent conflict where we can, to stop it when it has broken out, or—when neither of those is possible—at least to prevent it from spreading.

The UN is prohibited by its own charter from intervening in the domestic affairs of its member states. Rightly so. Without sovereign states there is no global order. But the charter also says that national sovereignty can be set aside if it stands in the way of the Security Council's overriding duty to preserve international peace.

On the face of it, therefore, there is a clear distinction between international conflict, which is the UN's business, and domestic disputes, which states are supposed to settle for themselves.

But in recent years this distinction has largely broken down. Most wars nowadays start as civil wars, "civil" only in the sense that civilians—not combatants—have become the main victims.

In World War I, roughly 90 percent of those killed were soldiers, and only 10 percent civilians. In World War II, even if we count the victims of Nazi death camps as war casualties, civilians made up only about half of all those killed. In many of today's conflicts civilian casualties make up as much as three-quarters of the total.

Yet as long as a conflict rages within a single state, the traditional interpretation of the charter would require us to let it rage.

Can this be right? The charter, after all, was issued in the name of "the people," not the governments, of the United Nations. Its aim is not only to preserve international peace—vitally important though that is—but also "to reaffirm faith in fundamental human rights, in the dignity and worth of the human person."

The charter protects the sovereignty of peoples. It was never meant as a license for governments to trample on

human rights and human dignity. The fact that a conflict is "internal" does not give the parties any right to disregard the most basic rules of human conduct.

Besides, most internal conflicts do not stay internal for long. They spill over into neighboring countries, most obviously and tragically in the form of refugees. And sometimes they not only spread across existing frontiers but also create new ones—as happened in the former Yugoslavia—so that what started as an internal conflict becomes an international one.

In many cases the conflict eventually becomes so dangerous that the international community finds itself obliged to intervene. By then it can only do so in the most intrusive and expensive way, which is military intervention. And yet the most effective interventions are not military. It is better, from every point of view, if action can be solved without destabilizing the region's established borders.

But that only makes it more im-

portant to stop the violence now. All our professions of regret, all our expressions of determination never again to permit another Bosnia or another Rwanda, all our claims to have learned something from the mistakes and tragedies of the recent past, will be cruelly mocked if we now let Kosovo become another killing field.

In 1991, President François Mitterrand congratulated the Security Council on its decision to intervene in the internal affairs of Iraq to save the Kurds.

Indeed, when people are in danger anywhere in the world, no one has a right to pass by on the other side. It becomes a moral obligation on every one of us to intervene as best we can.

This comment was adapted from a lecture Mr. Annan gave Friday at the Ditchley Foundation.

Act Now to Save Kosovars

By Lionel Rosenblatt and Larry Thompson

WASHINGTON — More than 12,000 refugees from Kosovo have struggled over the mountains into northern Albania, driven by continuing attacks by Serbian military forces.

Refugees we talked with last week in the remote border area of northern Albania described attacks against their villages in Kosovo by Serbian military and police units and artillery barrages. They also told of attacks by fixed-wing aircraft and helicopter gunships.

These attacks are eerily reminiscent of those conducted with impunity by the Serbian forces in Bosnia until force was finally used to stop them in 1995. Our recommendation is that the international community heed the most important lesson of Bosnia: Early action saves lives. The international community must confront Yugoslavia with a credible threat of force if the killing and persecution of Kosovo civilians are to be halted.

Eventually, when the full horror of Serbian behavior is revealed to be just as monstrous as in Bosnia, the world will react. But by then, many more lives will have been lost, and it will take a huge amount of aid to restore the status quo.

If Serbian forces move against Djakovic, the humanitarian and political consequences in Kosovo will be far graver than anything we have seen. Djakovic has a population of about 50,000, now swollen with perhaps 25,000 refugees from outlying areas. One complication is the argument

that even if NATO is willing to intervene, the UN Security Council must approve any use of force. But this should not prevent action to stop genocide or crimes against humanity.

Meanwhile, in Albania, a powerful story is unfolding. The Albanian townspeople of the Trojope district bordering Kosovo are lining up to volunteer to care for refugee families. There are no camps, because the refugees are housed in local homes, often outnumbering their host families. This show of hospitality is the most remarkable we have seen in a quarter century of refugee work.

Potential damage to local markets could lead to increased tension with the refugees. But with rapid and astute international assistance, there is an opportunity to provide relief that meets the needs of the local populace.

This is not an easy challenge, especially for UN agencies whose expertise is focused on relief in traditional emergencies where refugees are in camps.

The leadership of the secretary-general is vitally needed. With effective coordination from the UN and donor governments, Albania can become a model for coordinated assistance.

Mr. Rosenblatt, president of Refugees International, and Mr. Thompson, a senior associate, have just completed a mission in Albania. They contributed this comment to the International Herald Tribune.

Clinton Merely Cringed When China Banned Reporters

By Jonathan Mirsky

LONDON — President Bill Clinton is being accompanied by a small army of reporters while he is in China, but the force has already suffered five casualties. Two are from Hong Kong, three from the United States. All five were denied visas by Beijing.

The president's objection to the banning of the American reporters is a small example of his posturing on China.

The five banned reporters represent media hated by the Chinese. One is Apple Daily,

the three others are from Hong Kong.

by China to accompany the president; these were withdrawn last week.

Mr. Clinton immediately condemned the withdrawal as "highly objectionable."

"We will protest it," he added.

"We hope they will reconsider it."

"How much credit China would have received," Mr. Clinton observed, had it granted visas "to a more diverse group of journalists."

All three had been given visas

Then came the little cringe that always assures the Chinese government that Mr. Clinton does not mean what he says. The White House advised the banned trio not to board the presidential flight to China.

What else could the president have done? Surely he cannot force the Chinese to give visas to foreigners. And he could hardly have canceled the trip.

Here is what he could have done; it has been done before:

In September 1991, Prime Minister John Major went to China to sign a "memorandum of understanding" about the construction of the new Hong Kong airport. This was a very sensitive subject.

The reply was simple: It is China's responsibility to issue visas, but the prime minister had approved me for his flight. I would therefore fly to Beijing. When I arrived, it was up to me to decide whether I would be permitted to leave the aircraft and accompany Mr. Major. This was especially notable because The Observer had never missed a chance to attack the Tory government for being soft on China.

The Chinese gave me a visit.

What a difference between John Major's robust "This reporter flies with me," and Mr. Clinton's "highly objectionable."

The writer, a former China correspondent of The Observer and East Asia editor of The Times of London, contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO**1898: Raid on Spain**

WASHINGTON — The most important development in the war came to-day [June 27]. It consisted in the announcement by the Navy Department that a squadron of formidable fighting vessels would be sent across the Atlantic and carry the conflict home to Spain. The President's idea is that so long as the Spanish people believe that the Americans cannot or will not fight, so long as they are fed on news of Spanish victories in Cuba, a movement in the direction of peace will have no chance in Spain.

It is an audacious step, and possibly more dangerous than he realizes. But it is the most interesting development in French, and possibly in European, politics in many months.

International Herald Tribune.

Los Angeles Times Syndicate.

led to the conviction occurred when two Deputies and a former Deputy were attacked on their way to a meeting called to protest against Fascist methods of violence in France. Mr. Maurras was charged because it was he who had given out instructions to use violent means to prevent the attacked speakers from going to their meetings.

1948: Berlin Airlift

BERLIN — The British, with American support, demanded that the Russians lift the blockade that threatens hunger for the German population in the western sectors of Berlin. Plans were completed for the inauguration of an unexpectedly extensive air supply service to bring food to Germans in Berlin. Although the air supply will play an important role, the air pipeline cannot possibly provide enough food and coal for 2,200,000 Germans in the western sectors.

Coaxing Out Europe's Pariahs

By William Pfaff

National preference means reserving certain jobs, social benefits, and legal rights to citizens of the nation, to the disadvantage of foreign residents—even those with legal residence and work privileges in the country, who pay taxes and social charges, as do citizens.

Every country does this in some way. Even France reserves government posts for its citizens. Polls find that 69 percent of the French agree with that, but that 65 percent believe there should be no other job discrimination between French nationals and legal immigrants and that 67 percent oppose sending unemployed legal immigrants back to their countries. But 52 percent are against a debate on national preference, no doubt apprehensive about possible consequences.

By legitimizing such a discussion, Mr. Balladur is inviting National Front voters who are not racists to come out of the pariah status that has been imposed on them. The effect of this could be to split the National Front, isolate its fascists, and recuperate for the democratic right a part of its electorate.

In the present disarray of the right, Mr. Balladur is bidding to transcend the immigration issue by raising it to a nonpartisan and international level as a way to

ART

The Enigma of Iran: In Search of the Cultural Melting Pot

By Souten Melikian
International Herald Tribune

PARIS — It is one of the Ancient World's great unresolved mysteries. Those who do not just see antiquities as toys to satisfy their collecting whims, but as the unwritten documents of mankind's history wondered how much more had been lost with each of the "Luristan bronzes" that came up in a sale this week at Drouot.

Ever since the small composite figures, the axes, the horse bits, the vessels and other items found their way from the West Iranian province of Lorestān (Luristan) to the Western markets through the gigantic looting that has been plaguing Iran for most of this century, speculation has raged over these strange and sometimes beautiful artifacts. Some proper excavations, mainly those of the late Belgian archaeologist Louis Vanden Berghe of Ghent, have helped narrow down questions rather than solved the enigmas.

How in the course of some 2,500 years the transition was made from a succession of unknown cultures to the final merging into mainstream Iranian art remains to be discovered.

Not one clue has turned up that might help identify those who cast the earliest "bronze" (in fact, nearly pure copper) vessels, arrowheads, axes and other objects inscribed in cuneiform writing with the names of Babylonian kings of the third millennium B.C. Sometimes explained as imports, they look different from comparable pieces from Iraq, and are more numerous. At the sale on Thursday at Drouot, conducted by Claude Boisgirard with the assistance of Anne-Marie Kevorkian, an uninscribed pickax with two stylized leopards attached to the tubular shaft remained the viewer of the great sophistication of

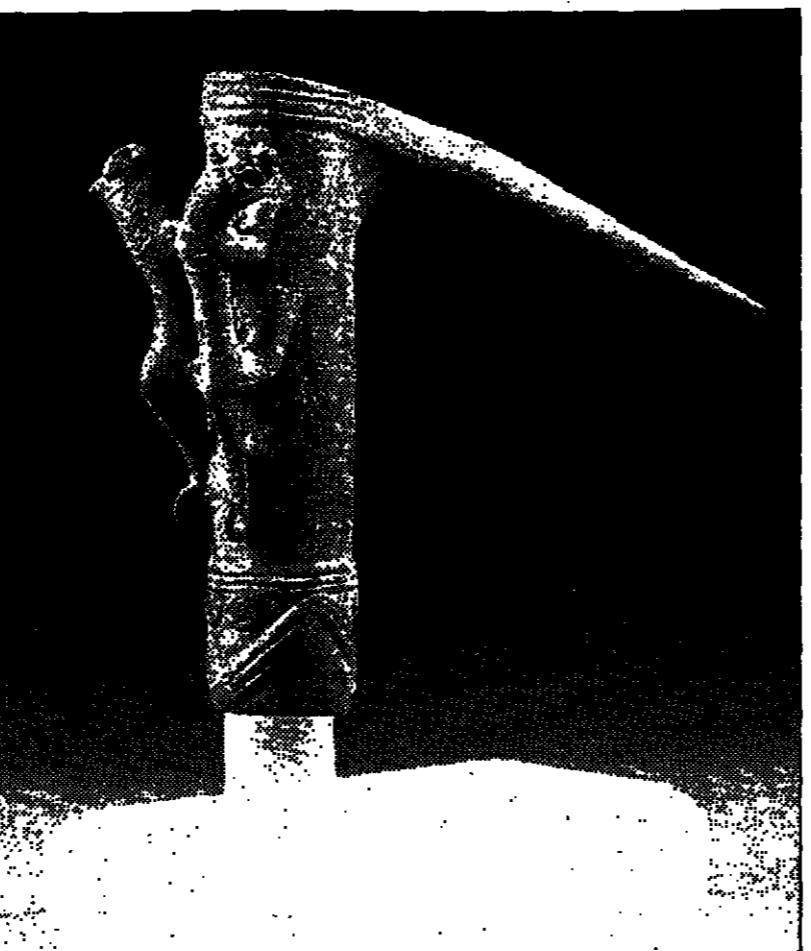
these unknown bronze makers. It ended up at 138,568 francs (\$23,000).

Early in the second millennium B.C., ax heads with their shaft stylized in the form of a snarling animal on the edge of abstraction carry names written in cuneiform, this time of Elamite kings. With them the Luristan mystery deepens. Elam, a non-Semitic, non-Indo-European culture that developed in southwestern Iran, around Susa, seems to have been hugely important.

When, many centuries later, the first all-Iranian empire was founded by Cyrus the Great in 559 B.C., Elamite was retained as one of three empire languages. At Persepolis (Takht-e Jamshid) to the Persian-speaking world, the shrine palace built in the sixth and fifth centuries B.C., accounts were kept in Elamite on small clay tablets. Historians now suspect that Elamite culture stretched very far to the east. It is no wonder if it extended into neighboring Lorestān, up in the northern highlands.

The precise nature of the relationship, however, escapes us. All that remains to testify to its reality are beautiful ax heads that leave behind the pieces found in Elam. One, with its blade springing out of an admirable lion's head, was sold for 25,497 francs.

WHAT happened between the 19th century B.C. and the 13th century, when a unique style associating linear stylization and an irrepressible sense of fun blossomed, is anyone's guess. Two axes with blunt spikes at the back are inscribed, one with the names of an Elamite king (Shilhak Inshushinak 1165-1151 B.C.), the other with the name of Nebuchadnezzar I of Babylon (1124-1103 B.C.). But the type is unknown to Elam and Babylon. Do such names point to political allegiance? Or,



Pickax with two stylized leopards, from middle of third millennium B.C.

perhaps, to commissions from the outside? No one can say.

The aptitude of the designers and bronze makers at isolating figure elements and integrating them into overall

abstract patterns as if they were pictograms is astounding. On Thursday, an ax from the 12th century B.C. could be seen, with its blade coming out of a stylized lion head, out of which springs

an arrow cast in low relief on the blade while on two of the spikes projecting from the back calf heads comically appear to be bubbling at the shaft.

Fun could be graceful. Whetstones were produced in vast quantities, the shaft abruptly giving rise to the elongated neck of a mountain goat. One of these in the sale carried an equally elongated leopard on its back, like some elegantly calligraphic parody of the ancient Middle Eastern theme of a feline downing a horned animal. It fascinated a new buyer, who bid up to 44,342 francs for it.

Fun could be extremes with more than a suggestion of the grotesque culminating in the "idols," among the most intriguing artifacts that have come out of the Middle East. Designed with an overriding concern for linear stylization and a cogent sense of fun, some show superposed laughing human faces in the central shaft, with spindly arms extending sideways to clutch wriggling beasts.

Carefully examined, others can be seen to be purely figurative. One such piece sold for 19,954 francs. Two standing felines face each other, their heads thrown back to touch ever so gently the butts of two small mountain goats. In the middle, a shaft goes up, topped by a human head that looks suitably nonplussed.

Stranger still is in kind of shorthand figure standing a female figure pressing its breasts as two crested bird heads with vulture-like beaks spring out of each shoulder. The female's eyes dilated under her raised bushy eyebrows and the broad smile that pulls up the extremities of her closed lips suggest hilarity. Ascribed to the eighth or seventh century B.C., she laughed her way up to 20,508 francs.

This, however, pales by comparison with another female figure pressing its

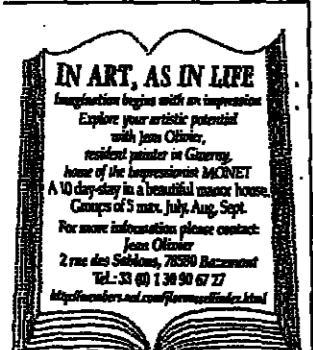
The Chaos and Color of the Ancient World

By Roderick Conway Morris
International Herald Tribune

RIMINI, Italy — In 59 A.D., as Tacitus recorded in his "Histories," a fight broke out among rival fans at a gladiatorial contest in the circus at Pompeii.

Dozens of spectators were killed and injured, and the games at Pompeii were banned by the consuls for 10 years.

A vivid popular painting of the event, showing the mayhem on the terraces spilling over into the streets around the circus, has come to light on a wall at Pompeii — the site that has proved the greatest single source of our knowledge of painting in the ancient world.



This nearly 2,000-year-old snapshot of antique hooliganism is one of more than 170 exhibitions that have been brought from all over Italy to the medieval city hall in Rimini for the fascinating "Roman Painting: From the Beginnings to the Byzantine Age" (which continues until Aug. 30).

Rimini is now chiefly known as a seaside resort, but the old town has a fine Roman bridge and triumphal arch, not to mention Alberti's Tempio Malatestiano church, a milestone in the Renaissance revival of the principles of classical architecture. Inevitably, many of the works on display are detached frescoes from the tombs buried by the eruption of Vesuvius in 79 and kept now at the Naples Archaeological Museum, which is still, alas, closing parts of sections and whole sections without warning. That makes the Rimini show particularly welcome, a blissful opportunity to see some of these exceptional pieces.

Time, the elements and the cleaning of ancient buildings, statues and artifacts have left us with a bleached and sanitized version of ancient Greece and Rome. In reality, as numerous discoveries and more scientific archaeology have revealed, the visual

scene then was infinitely more chaotic and colorful than a visit to the average museum and monument would suggest.

The full color, even garishness, of the Roman urban environment was finally exposed by the unearthing of Pompeii and its neighboring sites. External walls were a riot of shop signs, advertisements, election slogans and random graffiti; even cemeteries did not escape the attentions of roving political propagandists, sports fans and amateur pen and brush artists.

In an attempt to deter vandals, one tomb at Pompeii has the minatory curse: "Writer, pass this monument by. Any candidate who dares to put his name here will fail utterly and never be elected to any office."

Courtyards were liberally decorated with images ranging from a ferocious-looking dog at an inn to deter troublemakers to elaborate garden and mythological scenes in the entrances way of the houses of the well-to-do. Interiors, too, were filled with color, from simple overpainting of plaster in humbler dwellings to the elaborate fake marble and polychrome stucco and narrative fresco cycles in the mansions of the rich.

Statues were also routinely painted, and the show includes some telling surviving examples, including the so-called Venus in Bikini, from the Naples Museum, which retains not only remains of the tinting in her hair, lip rouge, gold necklace and bracelet, but also painted-on, semi-see-through, gold lame brassiere, basques and knickers, evidently added not so much to cover the goddesses charms as to increase her allure.

Although the vast majority of paintings that have come down to us are frescoes, this medium was held in the esteem it later achieved. Easel painting, usually on wood, inspired by Greek originals that found their way to Italy, seems universally to have been regarded as the acme of the painter's art, while making frescoes was viewed as a semi-art, semi-craft activity.

The upper end of the market there were both men and women practitioners — indeed one of the Pompeii frescoes on display depicts a female painter at work in her studio — and their products were hung on the walls or displayed on easels in the homes of the prosperous and shown at exhibitions

and public galleries promoted by wealthy connoisseurs.

The refinement of composition, drawing skills and brushwork of this high art, not to be equaled again until the Renaissance, is well illustrated here by two exquisitely delicate paintings on marble from Herculaneum.

Famous paintings were avidly copied by fresco painters and mosaicists; who in this capacity offered a similar service to print and poster manufacturers today, making masterpieces available to a wider public. That exactly the same picture could turn up in both popular media is nicely demonstrated here by near identical scenes of street musicians, one in more durable mosaic from Pompeii and a later one in fresco from Stabia.

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Portraiture as well reached a level of sophistication that was not matched for hundreds of years, even though with the exception of the marvelous Fayum portraits from Egypt, very little has survived of the very best productions on wood.

Happily, however, in some cases the talents of the painters of frescoes were such that we can glimpse at least how fine and psychologically probing these Roman portraits could be.



Mosaic of Street Musicians, left, and "Victory With Tripod," both from Pompeii.



"Victory With Tripod," both from Pompeii.

Some beautiful pictures in inlaid marble are also included, and painted books, which thrived as an art form particularly after the rise of Christianity.

Something of a lacuna, though forgivable given the abundance of excellent material here, is the absence of erotic art, which was negligibly ubiquitous in the imperial Roman world.

It was by no means feature only in brothels, but also in the locker rooms of the most exclusive baths where

the most upright of Roman matrons went to perform their ablutions and socialize. Even the bedrooms of respectable married couples might well be enlivened with explicit sexual paintings.

For, as Roman painting

more than any other art form demonstrates, the Romans had very few hang-ups about sex — though most Romans had equally few hang-ups about watching men kill each other in the arena, or runaway slaves, condemned criminals and, in due course, Christians being mauled to death by wild animals.

Curiously enough, while celebrated gladiators were seen as worthy subjects for art, the other cruel and bloody activities that took place in the circus received little attention even from popular painters reflecting everyday events.

Except, of course, in a case like that of Pompeii in 59, when the spectators started killing each other.

But given the decade-long suspension that earned Pompeii, that really was news.

BOOKS

CURSED DAYS:

A Diary of Revolution
By Ivan Bunin. Translated and prefaced by Thomas Gaitan Marullo. 286 pages. \$28. Ivan R. Dee.

Reviewed by Katherine Knorr

IN 1920, after three years of great anguish, the Russian writer Ivan Bunin left his country forever. In the years that led up to his exile, he kept an account of the ever-widening bestiality that accompanied the consolidation of Bolshevik power.

Since the fall of the Soviet Union and the opening of many archives, we have learned a great deal more about just how violent and evil was the power that replaced the weak and self-destructive czarist regime. Bunin's diary is a view from the ground, however, a personal and touching document that bears witness to the soundness of many of his judgments about the darkness that had fallen over Russia and about the opportunists and fools who helped it along.

"Cursed Days," published

by Bunin in 1936, is here available in English for the

first time, in a translation by Thomas Gaitan Marullo, a professor of Russian at Notre Dame University who had already published the first two of three volumes of a "biography" of Bunin in his own words.

Marullo included entries from "Cursed Days" in "Ivan Bunin: Russian Requiem, 1885-1920" and "Ivan Bunin: From the Other Shore, 1920-1933," the two biographical volumes, and here gives us the whole thing, with an insightful introduction and notes to guide the Western reader through the cascade of Russian names and historical references.

Bunin, who was in his late 40s when he kept this diary, was witness to the most terrible acts of violence and incompetence that the czarist regime had ever witnessed. He saw the mob more than that of any one man. "For Bunin," Marullo writes, "the new sedition and strife has allowed the dark side of l'âme russe to resurface and renew its reign, entrenching the national penchant for savagery and tears" and for "always moving forward in circles."

He was a son of the feckless landed gentry whose lack of intelligence was one of the factors in the fall of Nicholas II, but he was never romantic about the failings of his class.

In the last decades of the czarist regime, he came under scrutiny as a "decadent" writer who far too realistically portrayed the brutal Russian countryside, with the jostling for power of the kulkas and the merchants.

Indeed, Marullo tells us that, come the Revolution, Bunin saw the more grotesque characters from his own books leave the page and take over the street. "Now all the houses are dark," Bunin writes on May 6, 1919. "The entire city is in darkness except for the thieves' dens. There one can hear balalaikas and see shining chandeliers and walls covered with black banners with white skulls and the inscription: 'Death, death to the bourgeois!'"

Bunin was not only anti-Bolshevik, he was essentially opposed to utopian movements. He made long and

mostly accurate comparisons between the Russian Revolution and the French one, and he goes against the historical piety of the left by condemning revolution per se.

Among the many lasting insights of this diary is Bunin's critique of "revolutionary" literature. He was shocked by the vulgarity of the writing, which he saw as the destruction of the language that had nourished the writers he admired and befriended, like Tolstoy and Chekhov.

"Everything — and especially literature — has gone out into the street, has joined up with it, and has fallen under its influence," he writes on May 6, 1919. "And the street corrupts and rankles, because it becomes so terribly untrained in its praises when it is catered to. Russian literature now has only 'geniuses.' An amazing harvest!"

In June 1919, the published diary ends. Bunin emigrated to France early in 1920, where he lived in rage and in sorrow, often in great poverty, until his death in 1933.

Marullo says there is now a new surge of interest inside and outside Russia in Bunin and other writers who had too dismissively been labeled as "aristocratic." His translation, along with the biographical trilogy, is an important part of re-establishing the record on the terrible upheaval that shook much of the world in the first half of this century, in the name of that elusive fellow, the common man.

International Herald Tribune

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Melting Pot

Politics of Opera Power Struggle in Shanghai

By Seth Faibisoff
New York Times Service

SHANGHAI — Just as President Bill Clinton arrived to a colorfully choreographed welcoming ceremony in Xian, a remarkable drama about a different strand of U.S.-Chinese relations was wrapping up at Shanghai International Airport.

In a seedy-looking departure lounge, Nigel Redden, director of the Lincoln Center Festival in New York City, sat down for a final talk with the director of Shanghai's Bureau of Culture, Ma Bonin, who had blocked the classic Chinese opera "The Peony Pavilion" from going to the festival in time for its scheduled opening July 7.

Redden's flight was scheduled for 7:40 P.M., and he was informed in the late afternoon that Ma would go to the airport to see him off, because she had something to say.

At 7 P.M. in the bar, Ma informed Redden that her bureau was now willing to compromise on the matter that kicked off this whole drama a week ago: blocking the shipment of elaborate sets, costumes and props. The shipment, Ma said, could now proceed.

Redden, suspicious after days of fruitless negotiations, quickly asked a pertinent question: What about the actors? Would they be allowed to go too?

No, Ma said with a grimace, the actors of the Kunqu Opera Company would not yet be allowed to perform, as she had said over and over, unless the opera was fully restaged to fit the government's guidelines.

Costumes, but no actors. Perfect. So a high-profile example of cultural exchange between the United States and China lay in ruins at precisely the time Chinese and American officials are most eager to clear away unnecessary conflict.

To an arts executive like Redden, it is stunning that the Chinese authorities would want to prevent any ancient Chinese opera from being performed in New York (especially since Lincoln Center is paying). But it became clear in recent days that officialdom here was not against "The Peony Pavilion" so much as one particular official was, and her name is Ma.

Ma's comments suggest that some petty political motives — power over artistic troupes, professional jealousy, the right to censor — may play as big a role as the artistic objections she cited, complaining that the work was a national treasure that needed to be protected from unorthodox interpretations.

And the reluctance of any higher Chinese authority to rein her in suggests that she wields considerable political clout.

At the airport Thursday evening, Redden began to let his frustration show after making so little headway in negotiations, particularly when Ma, a former opera singer, tried to tell reporters who had been hastily assembled that her compromise showed how her bureau had been so flexible in these talks.

"There has been no flexibility at all," Redden protested. "I've been here since Monday, and have been met with no cooperation whatsoever."

AFTER Redden left, Ma turned to the reporters again and made another pitch: Maybe Lincoln Center would accept a safer version of "The Peony Pavilion," one that was simpler to stage, that used none of the innovative techniques of Chen Shi-Zheng, the director hired by Lincoln Center, whom Ma, to put it mildly, does not like.

"We have already started rehearsing," Ma said, brightening. "We could certainly take it to Lincoln Center in time for their festival."

Chen, dejected by the opera's demise, lamented that bureaucrats like Ma seemed to have no sense that a serious arts festival like Lincoln Center's actually valued artistic integrity and vision and would not simply slap in a replacement performance by another troupe if the original was blocked.

"You know, 'The Peony Pavilion' itself is about pursuing a dream, and how you need it to survive," said Chen, who left China in 1987 and became an American citizen.

Musing about his own dream of staging the opera in its original and full 55-act, 20-hour form, he said, "In China today, it is so clear, that kind of spirit is not allowed to live."

ART

World of Learning and a Virtual Library

By Barry James
International Herald Tribune

MONS, Belgium — Outside specialist circles, few have heard of Paul Otlet, a visionary Belgian who sought to put all human knowledge on 3-by-5-inch library cards in a temple of learning that he called the Mundaneum.

Yet, as a new museum in Mons shows, Otlet's century-old concept prefigured the Internet.

Rescued from neglect, the Mundaneum has found a permanent home here in a converted 1930s department store and annexes for research and storage. Boxes crammed with the tons of documents and publications collected by Otlet and his followers fill about 6 kilometers of shelf space, awaiting classification. Vast iconographic resources, including hundreds of thousands of posters, postcards and glass photographs, remain largely unexplored.

"It will take us more than 100 years just to sort out and scan the newspapers into computers," said Daniel Lefebvre, an archivist.

Otlet appears to have been the first to realize that information exists independently of the medium that contains it and that any artifact can be considered a primary source. Today, the stretching of the concept of a document to embrace a wide range of sources and experiences has become a guiding principle of Internet communication.

Otlet also realized the importance of associating different strands of information to connect what is known to what is potentially known. On the Internet, this is known as hyperlinking, or the ability to move from one idea to another by clicking on a link in a document or picture.

In the 1930s, Otlet predicted that "electric telescopes" would enable users to consult books stored in distant libraries. He envisaged that people would read texts on screens. He thought that machines would one day be used to retrieve data reduced to their analytical elements — was he thinking of digitalization? Otlet also had a notion of multimedias that even now is ahead of its time. He thought that touch, taste and smell as well as sounds were valid information sources.

He helped mold modern library science. He introduced the standard microfiche and in 1934 wrote "A Treatise on Documentation" that remained the standard reference work until the advent of electronic information storage and retrieval.

Various moves over the years and the destruction of parts of the collection have robbed Otlet's filing system, which once contained more than 12 million cards, of any unity it may once have had. He pleaded for the Mundaneum to be kept intact, but 70 tons of material were destroyed in 1970, followed by a further 23 tons in 1980 and six containers-full in 1993.

The designers of the museum faced the challenge of how to convert the hundreds of battered, dusty filing cabinets packed with cards full of arcane and disjointed knowledge into an exhibition that would attract

the nonspecialist public. They have created a phantasmagoric library, with a revolving, four-meter-high globe, a telescope, printing press, Linotype and time-worn wooden desks. At one point, cards spill out of their cabinet in an artful display suggesting the chaotic state of the collection.

Just inside the door is a re-creation of Otlet's office, a jumble of books, papers, a battered typewriter, an old top hat. Otlet did not believe in keeping a tidy desk — pictures show his bearded visage peeping over disorderly ramparts of paper.

This juxtaposition of order and chaos forms a backdrop for an examination of Otlet's ideas, times and

campaigner, promoting the principle of international arbitrage that led to the creation of a world court in The Hague, work for which he received the Nobel Peace Prize in 1913. Otlet was equally committed to peace, all the more so after his son was killed in World War I.

The universal exposition in Belgium in 1910 caused Otlet to ask why such ephemeral examples of international goodwill should not become a permanent fixture, and he began badgering the Belgian government to provide a home for his huge card index and collections.

A meeting with the Norwegian sculptor Hendrik Christian Andersen led Otlet to form an even grander ambition. Andersen worked with a team of about 30 architects to elaborate his grandiose plan for a city of the intellect, distinguished by a 320-meter "tower of progress." Otlet proposed that the Mundaneum should become the intellectual hub of such a city, which would be the headquarters of a future society of nations. Several sites were considered, including Tervueren, just east of Brussels, the Hague and Lakewood, New Jersey.

The war made the Belgian government receptive to Otlet's proposals. In 1919, it turned over to him a wing of the Palais du Cinquantenaire in Brussels. However, the victorious powers decided to build the society or League of Nations not in Tervueren as Otlet hoped, but in Geneva.

Lester Le Corbusier, after failing in his bid to design the Palace of Nations in Geneva, drew up plans for the great city project. Otlet remained obsessed by the idea until his death in 1944.

Meanwhile, the Belgian government had long lost patience with the Mundaneum. In 1924 it required Otlet to give up much of his space to make way for a temporary exhibition by the rubber industry.

In 1934, the Mundaneum was closed, although the collection remained in place until German troops threw it out to make way for an exhibition of Nazi art. The Mundaneum moved to cramped quarters at the Parc Leopold in Brussels and subsequently to a succession of temporary storage places, ending up in a parking garage from which Belgium's Francophone minority government rescued it.

OVER the years, volunteers continued to add to the collection, although without a coherent intellectual vision. Now the director of the Mundaneum, Jean-François Fueg, hopes to re-create the Mundaneum as a research center by capitalizing and building on those aspects of the collection that reflect the interests of its founders: pacifism, feminism, socialism and anarchism.

The Mundaneum, which Le Corbusier described as a panorama of "the whole of human history from its origins," was undoubtedly the first attempt to create a virtual library.

But only now does technology hold out the promise of turning that vision into reality.



Paul Otlet, left, with some of his collaborators in 1937.

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The Associated Press.

19 juin 1798 (1er messidor an VI)
19 juin 1998

Happy anniversary,

from the

International Herald Tribune
to
Lombard Odier & Cie

Continued on Page 14

g Pot

while carrying two flames & a lighter on which a goat is tied up, is precariously perched on its acrobatic seat. The visual themes are familiar — or the feelings ones. It looks like a piece of art to be pushed up a door in a London dealer.

A minute later in the form of a head, a shape comes in the north Indian Caspian Sea. A lion-like Mickey Mouse style sofa, too, is blown — but the beast looks like a lion in its teeth. Attached to the tail of the ax to go, the weapon is too soft to be like all Lorentz's 242 francs.

Now it all ended on a surreal Horse but, almost certainly with the growing number of spectators dancing in front of the stage, the hours and days had come to a standstill. Centuries before the capitals of Lorenz's world had faded into the past, the last of the Fausts had come to an end.

Russia Raises Rates To 80% as Stocks Dive

Bloomberg News

MOSCOW — Russia raised key interest rates to 80 percent from 60 percent on Friday to stem a hemorrhage of cash from assets that pushed the benchmark stock index down 5 percent to a 20-month low and bond yields to records.

The central bank raised its refinancing rate, the rate that banks lend to other banks, and its Lombard

rate, charged on central bank loans to commercial banks, effective Monday.

Yields on ruble-denominated treasury bills and bonds soared above 70 percent, from about 50 percent last week.

"The yields have been pushing at this for a while and the results of trading today made it essential," said Andrew Crawford, head of debt research at Nomura International in London. "Things continue to work not to Russia's favor."

The recent crisis of confidence and the high cost of borrowing snuffed out prospects for economic growth this year, said Deputy Prime Minister Victor Khristenko.

The government earlier assumed gross domestic product would grow 1 percent to 2 percent this year after growing 0.8 percent last year, the first expansion since the breakup of the Soviet Union in 1991.

The government said it needed a loan of \$10 billion to \$15 billion to regain investors' confidence and prevent a devaluation of the ruble.

Central bank reserves currently are about \$16 billion.

Russian stocks dropped also because talks on an International Monetary Fund emergency loan to the Russian government could take months to complete, analysts said.

The Russian Trading System index fell 5 percent to 163.99, its lowest level since Oct. 8, 1996.

"Some investors seem to have built up a lot of hopes for a massive, immediate cash injection from the IMF," said Sonja Gibbs, chief strategist at Nomura International in London. "Those expecting more may be rushing for the exit."

On Thursday, the IMF approved the release of a \$670 million payment of an existing loan, though that won't be enough to ease the government's cash shortage on quotas.

OPEC's Cuts Give Lift to Oil Prices

Bloomberg News

NEW YORK — Crude oil prices rose Friday on perceptions that output cuts pieced by OPEC and other producers were big enough to reduce inventories and stave off a return of the 12-year lows reached earlier this month.

Crude oil for August delivery was up 15 cents to \$14.18 a barrel at midday on the New York Mercantile Exchange. Prices are 26 percent lower than they were a year ago. August Brent crude rose 20 cents to \$13.41 a barrel on the International Petroleum Exchange in London.

The Organization of Petroleum Exporting Countries and other producers pledged to cut a total of 3.2 million barrels from daily production after prices in New York fell to \$11.42 a barrel on June 15, the lowest since 1986.

Abe Glass, a trader at Speer, Leeds & Kellogg in New York, said the OPEC agreement had halted the price slide.

But some traders remain skeptical that output cuts will be enough to end a supply glut because some members of the petroleum cartel have a history of cheating on quotas.

Ortega said it had reached an agreement to buy Orangina from the French group Pernod Ricard SA for almost 5 billion francs (\$829 million).

PepsiCo, which relies on Orangina to bottle and distribute its products, except in shops, on the French market, said Friday that if the authorities allow the sale to go through, PepsiCo will be shut out of France.

The dispute over Orangina is the latest skirmish in a long-running battle between the two U.S. cola giants in France.

Metro AG to Sell Computer Unit?

Compiled by Our Staff From Dispatches

BONN — The German retailing giant Metro AG plans to sell its computer retailing unit Vobis for more than 1 billion Deutsche marks (\$556 million), according to published reports Friday.

The German newspaper Die Welt reported that Metro was holding talks with CSU Electronics and Ingram Micro Inc., quoting sources close to both of those companies, which are based in the United States.

Die Welt also cited industry sources as saying that other companies, including Gateway 2000 Inc., were interested in acquiring Vobis but were deterred by the price that Metro was asking.

A Metro spokesman dismissed the reports as speculation and refused to comment further.

Vobis, which has 4,300 employees, had sales of \$4.6 billion DM in 1997. (AFP, AFX)

France and Spain to Link Markets for Derivatives

Compiled by Our Staff From Dispatches

PARIS — France's futures and options exchange said Friday it was setting up an electronic link with Spain's derivatives exchange, marking a new step in the battle for business after the introduction of a single currency.

The French Matif and Monep markets and the Spanish MEFF said that "Euro Globex," the new link, would allow members of each market full access to the products of the other.

Interest rate contracts on the MEFF's Renta Fija, which handles Spanish rate futures, and the Matif will be linked by the end of the year, and the arrangement will then be extended to the stock futures markets.

The creation of Euro Globex reflects "the need for cooperation between futures markets with the introduction of the euro," said Jean-Francois Theodore, chairman of the Matif and of the French stock market regulator, the Societe des

Bourses Francaises.

It "will help develop liquidity on benchmark euro products which will be easily available at the best price," he added.

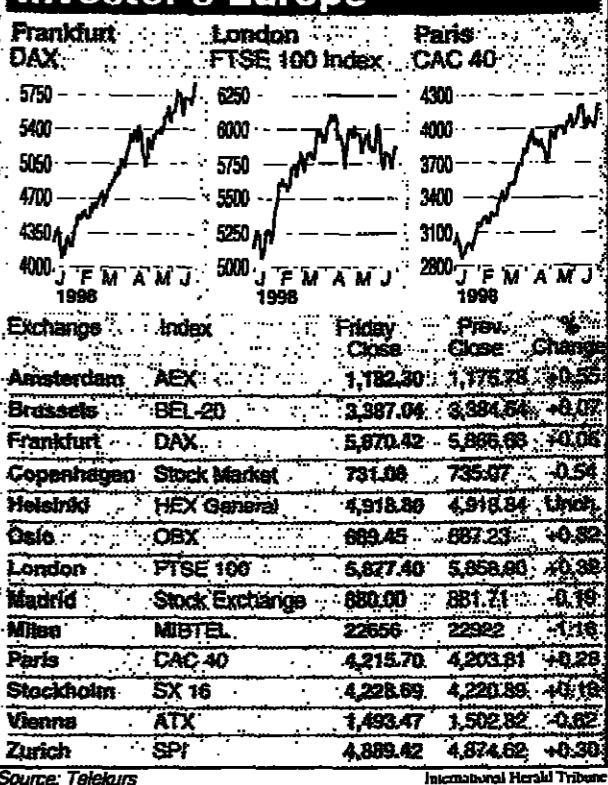
The MEFF is Europe's fourth-largest futures market, with more than 35 million contracts changing hands last year.

The German futures market, the DTB, and the Matif already have a similar agreement that is scheduled to take effect in the autumn and is intended to lead to a virtual merger of the two in 2001.

The Matif announced last week that it would start offering British government bond contracts, such as gilts, next month to meet demand from British operators attracted by its electronic trading system.

Continental markets have been increasing cooperation in recent months, partly to get ready for the euro, but also to take advantage of their electronic trading systems to win business away from London's futures market. (AFP, Reuters)

Investor's Europe



Source: Telekurs

International Herald Tribune

Very briefly:

• Daimler-Benz AG will acquire a 51 percent stake in the German sports car specialist AMG GmbH by next year for an undisclosed sum.

• Iberia Lineas Aereas de Espana SA said it earned 10 billion pesetas (\$65 million) in pretax profit in the first five months of 1998, a more than 10-fold increase over last year, helped by growing demand for air travel and by the state-controlled airline's cost-cutting.

• Assicurazioni Generali SpA, Europe's third-largest insurer, said it was close to buying Swiss Bank Corp.'s Banca Svizzera Italiana unit for as much as \$1.3 billion, in a bid to expand its money-management operations.

• Vossloh AG, a German maker of lighting fixtures and railway equipment, said that it had decided not to make a counterbid for VAE AG, leaving VA Stahl as the apparent winner of a bidding war for the Austrian maker of railroad switches.

• UBS AG, Europe's biggest bank, said first-half earnings were higher than it expected and said 1998 profit may also be above estimates, after the merger of Swiss Bank Corp. and Union Bank of Switzerland.

Reuters, Bloomberg

Pressure Builds in Cola Wars Over France

Agency France-Press

PARIS — PepsiCo Inc. said Friday it would be effectively shut out of France if the authorities allowed its arch rival, Coca-Cola Co., to buy out its distributor for our products in cafes, hotels, restaurants, service stations, etc." He said the company would "be forced to pull out of the nonhousehold market" in France.

In the longer term, a "significantly weakened" PepsiCo in France could be ousted altogether from the French market, he said.

The dispute over Orangina is the latest skirmish in a long-running battle between the two U.S. cola giants in France.

"If the Economy Ministry gives the green light to this transaction," said Charles Bouaziz, managing director of Pepsi-Cola France, "we will find ourselves overnight without our distributor for our products in cafes, hotels, restaurants, service stations, etc."

He said the company would "be forced to pull out of the nonhousehold market" in France.

In the longer term, a "significantly weakened" PepsiCo in France could be ousted altogether from the French market, he said.

The dispute over Orangina is the latest skirmish in a long-running battle between the two U.S. cola giants in France.

Orangina had been Coca-Cola's French distributor until 1990, when the U.S. company took direct control of its French operation, resulting in a six-year legal battle over Coca-Cola's alleged unfair market practices. In January 1997, Coca-Cola was ordered to pay a 10 million franc fine.

Then last year, in another blow to Coca-Cola's pride, Orangina ousted Coca-Cola's Manta brand from 600 McDonald's restaurants in France.

The French competition authorities are examining the planned Orangina sale and the government is expected to make a decision before Sept. 18.

WORLD STOCK MARKETS

Friday, June 26

Daily prices in local currencies.

Telerate

High Low Close Prev.

Amsterdam

AEX Index: 1129.28

Previous: 1127.58

High Low Close Prev.

BHP Holding

31.69 31.65 31.49 31.65

BMW

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Previous: 181,020

Caterpillar

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Deutsche Bank

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Dresdner

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MONEY

MONDAY
SPORTSSATURDAY-SUNDAY,
JUNE 27-28, 1998
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Contradictory Canada: Faltering Currency Amid Economic Boom

By Ann Brocklehurst

FROM an investor's point of view, Canada is a country of contradictions. According to the International Monetary Fund and the Organization for Economic Cooperation and Development, Canada's economy will outperform those of all the other G-7 countries this year. Yet the Canadian dollar is at an all-time low against the U.S. currency, which has made investing in the country a difficult proposition for foreigners.

Fund managers and analysts said that despite the Canadian dollar's problems, investors will find Canada an interesting place to shop for stocks. They maintain that, compared to the U.S. stock market, the country offers much in the way of value.

Dunberry Best, a senior vice president at Toronto's Midland Walwyn Capital Inc., suggested looking at Canadian and U.S. companies operating in the same industries and comparing their price-to-earnings ratios. As an example, he cited the fine-paper-and-packaging maker Domtar Inc., which is listed on the Toronto and New York stock exchanges.

Domtar trades at about 11 times its estimated 1998 earnings of 90 Canadian cents (61.4 U.S. cents) a share and 7 times estimated 1999 earnings of 1.49 Canadian dollars. Mr. Best compared this with a group of U.S. paper producers, including Champion International Corp. and Boise Cascade Corp., which recently traded at an average of 23 times consensus 1998 earnings and 11.5 times 1999 earnings.

Investors can also use the comparable-value theory to help weed out Canadian stocks that might not be good buys at current prices. The country's six big banks, for example, were spectacular performers in 1996 and 1997, when they rose 47.4 percent and 32.9 percent,

respectively. The market pushed bank stocks even higher on news earlier this year that Royal Bank of Canada and Bank of Montreal planned to merge. Although the government has yet to approve that deal or the subsequently announced merger of Canadian Imperial Bank of Commerce and Toronto Dominion Bank, there is little doubt they will eventually get permission.

As a group, the four Canadian banks involved in

the mergers trade at about 16 times estimated 1998 earnings and 14 times 1999 earnings, the same as the multiples for big U.S. banks. Mr. Best sees this as proof that when outside investors get to know Canadian companies, their real value is recognized.

He noted that the National Bank of Canada, which is not listed outside the country and is the smallest of the Big 6 banks, still appears to be good value. It trades at about 13 times estimated 1998 earnings of 2.20 dollars a share and 12 times estimated 1999 earnings of 2.40 dollars.

As of April 30, the National Bank was the fifth-largest holding of the Fidelity Canada Fund, one of just a handful of country-specific funds available outside Canada.

The fund's manager, Tom Sweeney, said in the latest semiannual report that "The bank conducts its business primarily in Quebec, whose economy is

currently weaker than the rest of Canada, and, as a result, the stock has been undervalued and selling at a significant discount."

Mr. Sweeney, whose fund returned just 8.21 percent in the year ended Oct. 31, 1997, compared with 18.18 percent for the Toronto Stock Exchange 300, said the underperformance was partly due to the underweighting of bank stocks in his portfolio as well as the overweighting in resource stocks, which generally performed poorly.

While many of the hundreds of mutual funds available exclusively to Canadians have beaten the 300 index, only one of five funds sold offshore has shown remarkable results. The Luxembourg-based CMI Asset Management, which is managed by Jaroslavsky Fraser & Co. of Montreal, returned 24.2 percent in 1997, with a five-year annualized rate of return of 14.10 percent.

Aside from buying funds and individual stocks, investors can also play Canada by buying World Equity Benchmark Shares, a Morgan Stanley Dean Witter & Co. product. WEBs, as they are known, offer passive index management for 17 countries, including Canada, and are listed on the American Stock Exchange, where they trade like any other stock. In 1997, the Morgan Stanley Capital Index for Canada, upon which the Canadian WEBs are based, rose 12.5 percent.

While the Toronto Stock Exchange has not managed to rank among the world's top 10 markets over the past decade, its broad 300-share index rose a respectable 13 percent in 1997 after jumping 26 percent in 1996. It has been hampered by the poor performance of resource stocks, which account for 22

percent of the Toronto Stock Exchange 300. In 1997, the mines and minerals index fell 27.55 percent, gold and precious metals dropped 43.56 percent, pulp and paper lost 12.75 percent, and oil and gas inched up just 2.83 percent.

"The relative performance of resource stocks versus more source stocks has rarely been more extreme than it has recently," said Fred Sturm, manager of the Ivy Canada Fund, which is run by

Toronto's Mackenzie Financial Services Inc. for U.S. investors. It specializes in resources, and its Class A shares have tumbled 19 percent so far this year. "Over the last year," Mr. Sturm said, "compliments of developments in Asia, investors have been fleeing from the resource market into more solid sectors such as domestic real estate and financial services."

The Asian situation has also had a negative effect on the Canadian dollar, which traded at all-time lows this month. (Page 17) While many economists believe the dollar is undervalued, there is consensus that it is in a bearish trend that could continue for months. Mr. Best said investors need to be prepared for currency gyrations in the short term or to hold their stocks for the long term.

Despite the potential for more bad news from Asia, Mr. Sturm says it is important to ask "at what point in-

vectors have factored in all the negative news." He said the lows in the commodity and resource sectors and underlying companies were being formed now.

While Mr. Sturm would not comment on specific stocks, he said he was bullish on the natural-gas sector, which, thanks to new pipeline capacity, is expected to increase exports to the United States. His portfolio includes Remington Energy Ltd., whose energy reserves are almost all located in British Columbia.

Among better known resource stocks, Irwin Michael, the manager of Toronto-based ABC Funds, recommended Noranda Inc. as the best of the integrated mining companies. "It's like a mutual fund," he said, adding that the stock now trades at 24 dollars, below the approximately 31-dollar-a-share value of its assets.

Mr. Michael said he saw opportunities in another traditional Canadian sector: forest products. He said that St. Laurent Paperboard Inc. and Alliance Forest were trading below net asset value and were possible takeover targets.

Indeed, Mr. Michael said the value of Canadian equities was attracting foreigners. Foreign investment in Canadian stocks rose sharply in March, to 2.24 billion dollars, the first month to hit more than 2 billion dollars since July 1997.

"With the Canadian dollar as weak as it is today, an American can buy 1.47 dollars worth of Canadian assets for one U.S. dollar. Canada is on sale and ready to be plucked," said Mr. Michael.

Recent American takeovers include the purchase of the forest products company, Averair Inc. by Bowater Inc. and the purchase of Norcen Energy Resources Ltd. by Union Pacific Resources Group Inc.

Of course, Mr. Michael noted, the

Continued on Page 17

Canadian Exchanges: Both Small and Volatile

The Saga of Bre-X Is a Cautionary Tale

By Ann Brocklehurst

LIKE Canada itself, the Toronto Stock Exchange is often regarded as little more than a less-exciting version of its neighbor to the south. Many foreign investors simply do not see any reason to buy into a market like Toronto when they believe similar products are available in New York.

"They tend to throw us in with the U.S. market when the markets are really quite distinct," said John Carson, senior vice president for market regulation at the Toronto exchange. "But those who view the U.S. market as a virtual proxy for Canada are quite mistaken."

Unfortunately for Toronto, its most important distinguishing feature as of late has been the role it played in the Bre-X Minerals Ltd. gold scam. By the time the extent of the fraud was revealed in May 1997, the company's stock lost 6 billion Canadian dollars (\$9 billion) in value.

The panic selling caused the exchange's electronic-trading systems to crash, and it faced criticism for including Bre-X in its 300 index, meaning that mutual funds that recreated the index would have purchased it.

"To varying degrees, everyone in Canada's investment industry was hurt by the collapse of the company; investors who lost their holdings, mining companies who suffered from an erosion of confidence, and all of us who work in the Canadian capital markets who have suffered negative impact on our hard-won credibility," the exchange president, Rowland Fleming, told the annual meeting in May.

Just a few weeks later, the exchange and the Ontario Securities Commission proposed regulations that would require mining companies to increase their disclosures about properties and drilling standards.

Although Mr. Carson admitted it would take time for Canada to regain its credibility in the prospecting business, Toronto is still billing itself as the

world's leading mining exchange and trying to persuade foreign companies to list there. In 1997, 3.2 billion Canadian dollars in mining capital was raised on the exchange, representing more than a third of the world's total.

Mr. Carson also emphasized that, despite Bre-X, the exchange broke a number of records in 1997. Its 300 index hit several all-time highs, trading volume was the largest ever at an average of 1.68 billion dollars a day and new issues reached a peak of 102, up from 79 in 1996.

At the same time however, the exchange is feeling the effects of globalization and electronic trading. Even when it can convince foreign investors that Canadian stocks have something unique to offer, Toronto faces direct competition from the New York and American stock exchanges and the Nasdaq market, which list 34 of the stocks in the Toronto Stock Exchange's 35 and 40 percent of those in the 300 index.

At the annual meeting, Mr. Fleming noted that the number of interlisted stocks was increasing and competition for trading was intensifying. "We now execute less than 60 percent of the trading volume in Canadian securities, as markets fragment and trading in upstairs markets and proprietary trading systems increases," he said.

The Montreal Exchange, Canada's second-largest, knows how it feels to lose business to bigger markets. Once the most important bourse in the country, Montreal ceded that position to Toronto in the 1950s. It now contends with being No. 2 and draws much of its business from pension funds and institutional investors who trade in Montreal, mainly to support the city's financial industry.

All the major Quebec companies are listed in both Montreal and Toronto, including some of the best performing small-cap stocks in the country. For example, A.L. Van Houtte Ltd. of Montreal — a coffee maker and distributor recommended to Money Report readers on Sept. 6 by Christine Decarie, vice president of the Montreal money-

management firm Montrusco & Associates Inc. — has returned nearly 40 percent since that time. The share price of Fonterra Inc., another Money Report pick, is up 79 percent, reflecting a takeover bid by Call-Net Enterprises Inc.

WHILE equity analysts no longer agree that Quebec stocks are undervalued because of fears that the French-speaking province may choose to secede from the rest of Canada, they still say there is value to be had in Quebec.

"It is a sad truth that companies only really learn to compete during tough times. In Quebec, capital and population flight have suppressed economic growth that any management whose company has been able to grow and prosper really must know its stuff," according to a recent report by the Toronto money manager Burgundy Asset Management Ltd. "The result is a tough, pragmatic group of entrepreneurs who can be relied upon to make money in just about any circumstances," he said.

The Montreal Exchange, Canada's second-largest, knows how it feels to lose business to bigger markets. Once the most important bourse in the country, Montreal ceded that position to Toronto in the 1950s. It now contends with being No. 2 and draws much of its business from pension funds and institutional investors who trade in Montreal, mainly to support the city's financial industry.

All the major Quebec companies are listed in both Montreal and Toronto, including some of the best performing small-cap stocks in the country. For example, A.L. Van Houtte Ltd. of Montreal — a coffee maker and distributor recommended to Money Report readers on Sept. 6 by Christine Decarie, vice president of the Montreal money-

A Winner in 4 Ain't Bad When Price Quadruples

Ballard Soars on Enthusiasm Over Fuel Cells

INVESTORS would have done well to follow the advice in March 1997 of analysts who follow fledgling technology companies based in Vancouver, but all of the gains came from one of their four recommendations.

Ballard Power Systems Inc. was the standout of four stocks suggested in the March 8, 1997, issue of the Money Report, more than quadrupling in value through Thursday. The three other issues — Spectrum Signal Processing Inc., QLT Phototherapeutics Inc. and StressGen Biotechnologies Corp. — lost value, though hopeful signs remain for patient investors.

Besides patience, courage is required. These companies show small profits if any.

Ballard, nonetheless, is up 319 percent since March 7, 1997. Bob Chevning, an analyst at Morgan Stanley Dean Witter & Co. in New York, is bullish on the company, which makes emission-free fuel cells that can be used to power electric vehicles, power stations and portable generators. Though Mr. Chevning said it was likely to be as long as five years before Ballard had a mainstream market for its proprietary technology, he was optimistic because of the company's success at attracting cash-carrying, high-profile partners from around the globe.

Ballard's fuel cells are used by a variety of carmakers and energy equipment and service suppliers to deploy prototype models of electric cars, power stations and portable generators. Though Mr. Chevning said it was likely to be as long as five years before Ballard had a mainstream market for its proprietary technology, he was optimistic because of the company's success at attracting cash-carrying, high-profile partners from around the globe.

Ballard's fuel cells are used by a variety of carmakers and energy equipment and service suppliers to deploy prototype models of electric cars, power stations and portable generators. The past year, the popularity of Ballard's fuel cells has increased exponentially. Daimler-Benz AG, an early supporter of Ballard, recently bought a 20 percent stake in the company, and Ford Motor Co. holds 15 percent. As of April, Daimler, Ford and Ballard had an alliance to commercially produce fuel-cell-powered drive trains and other parts for automobiles. In the past two months, Ballard has signed multimillion-dollar development contracts with leading power-plant makers, including GEC Alsthom and Ebara Corp. of Japan. These recent developments have helped push Ballard's stock back up to the high end of its 52-week range of \$28-\$132. The stock split three-for-one early in June.

QLT Phototherapeutics is a fledgling biotech company that, although dogged by losses, seems to hold long-term investment promise. QLT, a spin-off from the University of British Columbia, is pioneering the development and commercialization of photodynamic drug therapy. These drugs use light-activated therapy to kill diseased cells without harming healthy tissue. Its stock has lost about 33 percent of its value since March 1997.

Initially, analysts thought QLT's flagship product, Photofrin, would be its moneymaker. The drug is positioned as an alternative cancer treatment to radiation, and it has received marketing approval in many countries. In the past year, Photofrin proved to be a tough sell among doctors, particularly in Europe and Japan, who are generally unfamiliar with laser technology and prefer more traditional methods of cancer treatment.

Analysts now think that developing drugs for cancer treatment may not be QLT's critical path to growth. Vic Tyson, manager of knowledge-based technologies for the Vancouver office of the Royal Bank of Canada/Dominion Securities is among those who believe the bulk of QLT's future value will be derived from its second-generation drug known as Benzoporphyrin derivative.

The drug, which is now in human trials around the globe, is seen as a breakthrough treatment for eye diseases, including age-related macular degeneration, the most common cause of blindness in people under 50. In anticipation that those trials will result in approvals, the Royal Bank of Canada/Dominion Securities, as of June, had a "buy" rating on the stock.

QLT should also get a boost in the next year from its alliance with the health-products supplier C.R. Bard Inc. The companies teamed up in April to develop a therapeutic system and procedure for reduction of arterial restenosis using localized photodynamic therapy. Restenosis is the reclosing of blood vessels that occurs within six months of as many as half of all angioplasty procedures.

Spectrum Signal Processing is another Vancouver company that offers long-term investment promise, though probably not without some short-term headache. It has lost 21 percent of its value since the beginning of March 1997.

Spectrum supplies programmable digital-signal processing products. Until recently, this technology was used mostly in defense-oriented applications as a means of facilitating wireless voice and data transmission. Now, the commercial marketplace is starting to look at the technology.

Until recently, Spectrum's primary push had been to tie its digital-signal processing technology to products associated with computer/telephone integration. In December, the company discontinued its desktop computer/telephone board products and decided to focus solely on developing digital-signal processing applications that can be sold to businesses that resell wireless communication services.

It was a good move. Texas Instruments Inc. is in the middle of a major drive to boost production of digital-signal processing based chips. In the past year, Spectrum has released more than a dozen new products based on Texas Instruments' digital-signal chips.

The company maintains a relatively loyal investor following, one that can be witnessed firsthand by visiting an Internet bulletin board devoted to the stock on the Silicon Investor.

StressGen Biotech, the fourth company mentioned, has fared the worst, losing 50 percent of its value. Lately, however, it has been rising, following its statement that an experimental cancer treatment eradicated tumors in mice.

— Holly Hubbard Preston

BRIEFCASE
Fund Management Pays Off in Japan, on Continent

Fund managers in Japan and the United States are doing well in their respective markets, particularly in the Japanese market, which has been strong for the past year.

For example, the Japanese fund manager, Nippon Fund Management Co., has seen its assets under management grow by 15% in the past year, while the fund manager, Nikko Asset Management Co., has seen its assets grow by 10%.

On the continent, the fund manager, Allianz Fund Management Co., has seen its assets grow by 10% in the past year, while the fund manager, Allianz Fund Management Co., has seen its assets grow by 10%.

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Canada's 'Loonie' Currency Is Not a Basket Case

ce is Needed

All our professions of regret, all our expressions of determination, all our efforts to permit another Bosnia or another Rwanda, all our claims to have learned something from the mistakes of the recent past, will be mocked if we now let Kosovo go to another killing field. President François Mitterrand's decision to intervene in the affairs of Iraq to save the lives of people in the world, no one has rights to do it on the other side. It becomes a duty to do it on every one of us.

This statement was adapted from a speech given Friday at the Foundation.

Save Kosovars

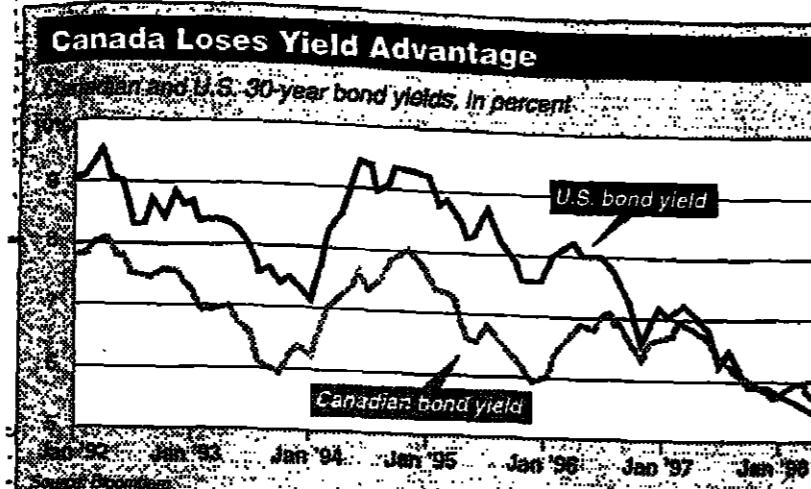
Steve and Larry Thompson

NATO is willing to use force. But the Security Council must prevent action to stop genocides against humans.

The Tropes don't want to help refugee families in local towns. Their host families' hospitality is the most seen in a game.

It's time to help refugees. We must help them and their families. There is a long way to go to end the suffering.

It's time to help refugees. We must help them and their families. There is a long way to go to end the suffering.



That 'Loonie' in Canada

By No Means a Basket Case, Analysts Say

Continued from Page 16

exports, particularly from the West Coast, have been hurt by the Asian collapse. Gerald Vincent, a bond-portfolio manager with the Toronto investment adviser Davis-Rea Ltd., said he thought the concern about Asia was valid but that the currency markets have overreacted, as they tend to do.

"In these situations," he said, "you can get lower than one would ever expect based on fundamentals. These movements can be truly emotional and, in many cases, irrational."

Despite the decline of the Canadian dollar, Mr. Vincent said, the tone of the bond market was good. Combining interest payments and capital gains as rates decline, he predicted long-term bonds would return 9.5 percent a year, while issues in the five-to-seven-year range would offer about 8 percent. But Mr. Vincent, along with Mr. Abramson, said he would put more money in American bonds than Canadian.

Mr. Weinberg said he preferred Canada because the extent of its structural changes has been greater than in the United States. He said he thought deficit-reduction in the United States has been "transient" and that American finances would eventually deteriorate as an aging population makes increasing demands on the country's Social Se-

curity system, a situation he said Canada had begun taking steps to avoid.

In provincial bonds, Andrew Pyle, a fixed income analyst at CT Securities Inc. in Toronto, said both Ontario and Alberta paper were attracting interest. Alberta, an oil-producing province in the West, eliminated its deficit years ago and has pledged to erase its debt, excluding pension liabilities, by 2007.

Ontario, Canada's most industrialized province, is planning to balance its budget by the year 2000.

Mr. Pyle said that while the spreads between Alberta and federal bonds have now narrowed to the point that there is little incentive to buy its provincial bonds, there is still room for Ontario/Canada spreads to narrow and for investors to profit.

As for Quebec, the French-speaking province whose bonds are considered riskier due to the threat of secession, he called them an "interesting speculative play." Mr. Pyle believes that if Jean Charest, a popular federal politician newly arrived on the political scene, manages to beat the current separatist premier, Lucien Bouchard, in the next election, Quebec bonds could benefit handsomely. He noted that the bonds of the provincial utility Hydro Quebec, which generally track the province's bonds, would also be likely to increase in value.

— ANN BROCKLEHURST

BRIEFCASE

Fund Management Pays In Japan, on Continent

Fund managers plying their trade in the British and American stock markets have taken much grief over the fact that so few of them can match the performance of benchmark indexes or of passively managed funds intended to mimic movements of the indexes. A study by HSBC Asset Management shows that their colleagues investing in Continental Europe and Japan do much better.

Among actively managed funds targeting Europe studied by HSBC, 90 percent beat the performance of a benchmark index of Continental European shares in the period from the start of 1987 until last March 31. Among fund managers in Japan, 75 percent beat the relevant benchmark.

That contrasts with just one-third of managers of American funds and 29 percent of managers investing in Britain over the same stretch. The Anglo-Saxon managers may have fallen victim to the transparency of their markets, Robin Minter-Kemp, deputy managing director of HSBC Investment Funds Europe, theorized.

"When you look at the U.S. and U.K. markets, they're very open," he said. "Most of the key information that will influence stock prices will be there for everyone to see."

"This is not the case in many other markets, where extra diligence and effort by portfolio managers can reward them with insights unavailable to rival investors."

"Where you have a market that's much more covert in its activity because it's more domestically focused, like Japan, information is available on a need-to-know basis," he said. "When managers get in there and do favors and observe protocol, they get the information. In Europe, because of cultural differences, it's difficult for analysts to get an open book. Managers who work hard can make a substantial difference. Tracking an index becomes broadly inefficient."

The study was skewed in favor of active managers in a couple of respects: Funds investing in smaller companies and individual industries were not considered, and index levels were reduced to reflect a notional 0.75 percent annual management fee. Even so, this would not affect the contrast of managers in the Anglo-Saxon markets with their counterparts in Europe and Japan. (IHT)

E*Trade Expands to U.K. In Electronic Share Deal

E*Trade Group Inc., the U.S. on-line brokerage, has entered the British market by setting up a joint venture company with Electronic Share Information, both companies said.

E*Trade is investing \$6.37 million for a 27.7 percent stake in the new company called E*Trade U.K. Ltd. Owners of the closely held Electronic Share Information Ltd. will receive shares in the holding company capitalized at \$23 million. A third company is also expected to invest as well.

"This is part of E*Trade's strategy to give individuals Internet access to global markets," said Linda Chew, an analyst at Corinthian Partners LP in New York. E*Trade also provides services in Canada and Australia, and earlier this

month said it would enter the Japanese market in association with Softbank Corp.

By partnering with Electronic Share Information, E*Trade gains access to more than 170,000 customers. It currently has more than 400,000 customers in the United States.

"The creation of E*Trade U.K. will solidify our European presence," said Judy Balint, senior vice president of global marketing and strategic business development at E*Trade. "The U.K. has the second largest market of private investors in the world as well as a large and growing Internet population." (Bloomberg)

— ANN BROCKLEHURST

Salomon Smith Barney Cites BP as Best Choice

Salomon Smith Barney said British Petroleum PLC was its global top pick. The brokerage house cited "superior management, strong exploration-and-production performance and attractive valuation."

The company, which has returned more than 23 percent to investors in the past year, has a target of 1,100 pence at Salomon, compared with its price late Friday of 878.5 pence.

A couple of added attractions for individual investors are that the stock pays a dividend in excess of 3 percent and it is listed on several exchanges. (IHT)

Egyptian Exchange Plans To Ease Investor Rules

With the Hermes index down more than 17 percent this year, the Egyptian Stock Exchange is planning some changes to restore investor confidence, its chairman told fund managers.

Sherif Raafat, the exchange's chairman, said the Office of Public Enterprise would begin using experienced underwriting firms to market initial public offerings of privatized companies. The government has been criticized for lack of transparency in the way it prices and markets the offerings.

Public Enterprise officials will abolish a rule requiring investors to deposit money to cover the full value of the shares they apply for in public offerings. Investors complained that they often had to sell existing holdings in order to raise cash to buy new stocks.

The government also is changing the rule requiring companies newly listed on the exchange to trade at their IPO price rather than their market value. The rule change will affect heavily traded new stocks, such as Egyptian Mobile Telephone Services Co. (Bridge)

Skandinaviska Enskilda Opening Set of Indexes

Skandinaviska Enskilda Banken AB is introducing a set of equity indexes that provide industry classifications across the Nordic region.

The products include segment, sector and industry indexes, small-cap indexes and total market capitalization weighted indexes for the Nordic region as well as for each country.

S-E-Banken said the indexes would be grouped in three areas — cyclical, growth and interest-sensitive — which will be sub-divided into eight sectors. Those sectors will include 28 different industries. (Bloomberg)

THE MONEY REPORT

Bottom-Fishers Should Look at Oil-Service Stocks

THE OIL business has fallen on tough times, and that is good news for bargain-hunters. The price of oil recently hit a 10-year low, less than \$12 a barrel. It is down 26 percent in the second quarter.

On the supply side, the problems are too much production by oil-rich but cash-strapped countries in the Middle East and Latin America and increased pumping by Iraq. On the demand side: a warm winter in the United States and a drop in demand as Asia's economy slumps.

On Wednesday, members of the Organization of Petroleum Exporting Countries pledged to cut production by 2.6 million barrels a day, about 3 percent, over the next year. Lower supply means higher prices, but investors were not impressed with these promises, and oil closed at \$14.60 a barrel, little changed from before the OPEC meeting. On Friday afternoon, the price had fallen to \$14.20. That compares with an average of \$17 a barrel last year, and \$19 in 1996. Between 1979 and 1985, oil averaged \$31 a barrel.

Below \$16, it is hard for most drillers and oil-service companies to make decent money. The big, integrated international petroleum companies that sell to consumers can still do well because their costs fall, but up the production chain, businesses get creamed.

More precisely, the businesses themselves get hurt a little (or even continue to thrive), but a panicky Mr. Market causes their stocks to get hurt a whole lot. This is one of those "rolling depressions" that Marty Whitman, manager of Third Avenue Value Fund, talks about. Masked by the general good health of the economy and the

market, some sectors are suffering. Oil service is a prime example.

Take Smith International Inc., which makes such drilling equipment as diamond bits. It has a good balance sheet and sales that have gone from \$220 million to \$1.6 billion in four years. According to Bloomberg News, the mean estimate of the 15 analysts who cover the stock is that profit this year will rise to \$3.11 a share from \$2.58 last year, a 21 percent advance.

Typically, these shares go to ex-

cesses in three years, has fallen 60 percent and trades at a P/E of a mere 9, even though earnings are supposed to rise 50 percent.

What is going on here?

The answer, in a word, is Asia. If you believe the Asian crisis has been overdone in the stock market, then your best play — better, perhaps, than Asian shares themselves — could be oil-service stocks.

Typically, these shares go to ex-

cesses in three years, has fallen 60 percent and trades at a P/E of a mere 9, even though earnings are supposed to rise 50 percent.

Still, Mr. Herbert, like Ms. Sedita, is fond of Transocean. He is also high on Halliburton, headed by Richard Cheney, a former defense secretary. The company is merging with Dresser Industries Inc., a combination that will surpass Schlumberger in size.

In fact, mergers and potential ones are a major theme in the business, one that is being encouraged by a low oil price, which is making some companies vulnerable to takeovers. On June 19, for example, Schlumberger offered to buy Camco International Inc., sending its stock up 40 percent.

"Ample strategic justification exists" for consolidation, writes John Lovoi, an analyst for Morgan Stanley Dean Witter & Co., "and there is still too much redundancy in the sector." That, too, is good news for investors.

Mr. Herbert also cited EVI Weatherford Inc., which makes undersea drilling equipment and trades at a P/E of 14, (just half its 28 percent earnings growth rate), and Cooper Cameron Corp., which makes pressure-control equipment.

Gerard Feenan, oil-service analyst for Value Line, is bullish on the sector. "Though persistent weakness in oil prices is a cause for concern, we think industry fundamentals remain very positive." The sector is ranked fifth-highest of 90 that Value Line follows.

Mr. Feenan's highest ratings go to Varco International Inc., which sells and leases advanced drilling tools and carries a backlog of orders that is as large as its entire 1997 sales volume, and Global Industries Ltd., a Lafayette, Louisiana, provider of offshore construction and support services.

Washington Post Service

JAMES GLASSMAN ON INVESTING

Not bad, but not as good as in 1997 and 1996; the gain in each of those years was more than 50 percent.

Still, look at Smith's stock. From a high of \$87.88 a share in October, it had fallen to \$34.25 Friday afternoon. Smith's price-to-earnings ratio, based on 1998 estimated earnings, is a mere 11, or less than half the market as a whole, even though its profit is expected to grow at a 20 percent rate.

Smith is not alone. Halliburton Co., which William Herbert of Howard Weil Labouisse Friedrichs Inc. told me is the "best-managed company in the oil-service industry," is down 43 percent since the Asian crisis broke in October. The deepwater driller Transocean Offshore Inc., is off 46 percent.

Schlumberger Ltd., the biggest of the oil-service companies, is down only 27 percent, but the smaller Parker Drilling Co., which packs a higher rating from the Value Line Investment Survey (2 vs. 3 for Schlumberger), is down 61 percent in eight months, while Ensco International Inc., a contract driller whose earnings have more

tremes, either down or up, said Argentine Sedita, an analyst with A.G. Edwards & Co. in St. Louis. Oil service, she believes, "offers wonderful appreciation potential." But what about that oil price? I ask. "My view is that what goes down eventually comes up," she says. "Oil at these levels becomes 'naturally correcting.' In other words, when prices get low enough, production slows significantly, thus crimping supply, thus pushing prices back up."

Over the past 10 years, oil has generally fluctuated between \$18 and \$20 a barrel. When it goes outside those boundaries, it quickly snaps back.

Mr. Herbert, the Howard Weil analyst, is not so sanguine. "What is really important is demand stabilizing in Asia," he says. If it falls off, then oil service stocks could drop some more. "My worry is the 'C' word," he added, referring to "contagion" — the spread of the Asian economic ills throughout the globe, leading to slowdowns in demand for oil in Europe and America as well.

Gerard Feenan, oil-service analyst for Value Line, is bullish on the sector. "Though persistent weakness in oil prices is a cause for concern, we think industry fundamentals remain very positive." The sector is ranked fifth-highest of 90 that Value Line follows.

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Washington Post Service

Without the Rich, Society Would Be Poorer, Right?

By Peter Passell

WHO SAYS economics is the dismal science? O.K., O.K.: Just about everybody. Who but an economist, after all, would insist that unemployment can ever be too low or that the stock market can ever be too high?

But nobody ever argued that poverty never passed muster with the economics establishment. But the same researchers, W. Michael Cox and Richard Alm, are at it again. This time, they are apt to raise fewer hackles with their peacock to the virtues of technological change and productivity growth.

Time Well Spent: The Declining Real Cost of Living in America, an essay that is part of the Dallas Fed's 1997 annual report, is short on hard-core analysis. But the then-and-now statistical comparisons, showing how much more the average American can buy with so much less effort, are loads of fun to check out.

For the record, the Dallas Fed economists are not the first to take issue with the idea that prices are far higher today than they were, say, a century ago. Indeed, the argument about long-term price comparisons is well-known to Econ 101 students as the Sears Catalog Paradox.

If prices are really so much higher today, the premise goes, it follows that most people would prefer to spend \$1,000 on goods from a century-old Sears Catalog at 1898 prices than go on a \$1,000 shopping spree for today's goods at today's prices.

In fact, most people would choose the other option. While it would be nice to be able to buy a pound of nails or a dozen spools of cotton thread for a few pennies from the old catalog, hardly anyone would want to own the primitive sewing machines or bicycles from the

1898 catalog at any price. (For the sake of this discussion, set aside their value as collectibles.)

Besides, many of the things that make life pleasant, even bearable, simply weren't for sale in 1898. "No amount of income would make my life better if I couldn't buy my arthritis drugs," pointed out Paul Krugman, an economist at the Massachusetts Institute of Technology.

Or the other hand, noted Mr. Krugman, the author of "The Accidental Theorist," the Sears Catalog Paradox misses part of the point because it looks backward rather than forward. While no amount of money could buy the variety and quality of goods in 1898 that Americans take for granted in 1998, staples — food and shelter — certainly have risen in price since the 19th century.

Herald Tribune

INTERNATIONAL

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WORLD ROUNDUP

Goalies, Beware

HOCKEY The National Hockey League board has approved rule changes aimed at increasing goal scoring. A significant change sure to be unpopular with goaltenders, the goal line will be moved two feet (30 centimeters) further into open ice to 13 feet out from the arena's end boards. (Reuters)

Douglas Is Knocked Out

BOXING Lou Savarese, beaten in two of his previous three fights, scored a stunning first-round knockout of the former world heavyweight champion Buster Douglas in an International Boxing Association heavyweight title fight Thursday at the Foxwoods Resort Casino in Ledyard, Connecticut. (AP)

NBA Players in Court

GREG (Cadillac) Anderson, 34, who played for the Atlanta Hawks last season, was indicted by a federal grand jury on four drug and money laundering charges. Anderson, 34, was a No. 1 pick of San Antonio in 1987 and also played for several other NBA teams. (AP)

The Charlotte Hornets forward Anthony Mason pleaded guilty to endangering two teenage girls after predators dropped sex abuse and statutory rape charges. He must serve 200 hours of community service. (AP)

By Jennifer Frey
Washington Post Service

WIMBLEDON, England — Steffi Graf bade good-bye to Wimbledon on Friday afternoon with a small left-handed wave to the Center Court crowd but with little emotion, as any hopes of a dramatic comeback here were dashed by a stunning third-round loss to Natasha Zvereva — who had never beaten Graf in 17 previous meetings.

Uncomfortable and tense on the court where she had won seven singles' titles, Graf played flat tennis, had limited mobility and seemed at a loss as to why she could not beat Zvereva this time.

Broken in the first game of both sets, Graf lost, 6-4, 7-5, despite the fervent support of a Center Court crowd that clearly considered her the sentimental favorite.

Teary-eyed and emotional after winning her first match of Wimbledon earlier this week, Graf was surprisingly steadfast in defeat, and, if anything, she appeared more determined to continue her long, often rocky, comeback from knee surgery last year.

Now 29, Graf did not promise that she would be back at Wimbledon next year. She has said that another injury very likely would send her into retirement, but she spoke positively about her upcoming commitments, and the U.S. Open this fall.

"It's a long year right now," Graf said, when asked about her Wimbledon plans for next season. "I definitely couldn't say right now. It would be nice to play again, and hopefully be in different shape and enjoy myself."

"But I've learned enough to take what's coming up next. So I don't know."

Zvereva, a 27-year-old from Minsk, Belarus, flipped her racket in joy and bowed deeply to her friends and family in the crowd after Graf hit a final backhand return into the net, and the two met at the net for a warm handshake.

And when she retreated to the players' locker room, Zvereva had to get

WIMBLEDON

down on her hands and knees — literally — and crawl into her cubicle to get away from the gentle teasing of the other players on the tour.

"It was really quite embarrassing," Zvereva said.

"Everybody was in the locker room laughing at me. They're like, 'What happened?' What's wrong with you? Are you sick?' and touching my forehead."

Zvereva's long history of failure against Graf dated back more than 10 years, to the 1988 French Open finals and quite easily the most humiliating tennis moment of Zvereva's career.

At 17 and playing in her first Grand Slam singles' final, Zvereva lost, 6-0, 6-0, to Graf in the most lopsided final in French Open history.

On Friday, though, Zvereva played what she considered to be the best match of her life as Graf felt unexpectedly nervous and tight on court.

For the first time in as long as she could remember, Graf failed to break her opponent's serve a single time, and, try as she might, she never relaxed throughout the match.

Zvereva broke Graf at 5-5 in the second set, and the crowd hummed with nervous anticipation during the ensuing changeover.

Sensing that Graf's demise was imminent, fans called out "Go Steffi!" and "C'mon Steffi!" as the two took their places for the final game.

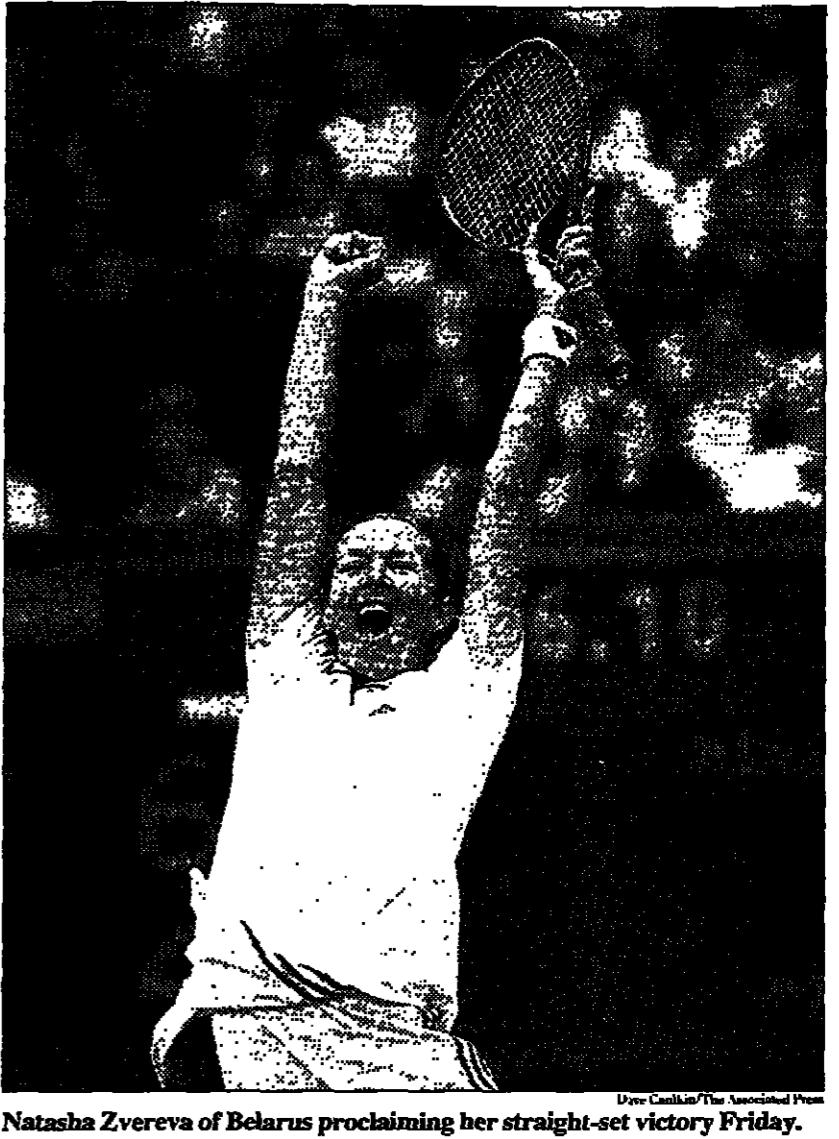
And though Graf quickly pushed Zvereva to 15-40, she lost two break points, after reaching two difficult shots in the corner, and rallied again on Zvereva's second match point opportunity. Not certain how Graf would respond to the defeat — Zvereva was well aware of Graf's difficult comeback, and recent her comments about retirement — Zvereva held on with Graf looking into her eyes as they stood at the net, and complimented her on the long-awaited victory.

"Coming from her, right away after the match, it was very important," Zvereva said. "Plus she looked into my eyes, which is never better. That meant a lot to me."

Graf's loss opened up the draw for another fan favorite, Monica Seles, who was scheduled to play on Court 1 in the afternoon but did not take the court until early evening.

Weather problems plagued the tournament for the third time in fifth day, with second-seeded Lindsay Davenport, sixth-seeded Pat Rafter and both No. 14 seeds — Sandrine Testud and Goran Ivanisevic — the only seeded singles' players to finish play before the courts were covered for a second time Friday.

All won their third-round matches save for Ivanisevic, who completed his second-round victory.



Dave Caulkin/The Associated Press

Surging Yankees Collect 3 Victories Over Braves

The Associated Press

David Wells pitched a six-hitter as the New York Yankees sent a clear message that there's nothing fluky about their 53-19 mark — the best record in the major leagues — by taking three of four games from the Atlanta Braves.

"I think we've won enough games that when we do win, we don't surprise

BASEBALL ROUNDUP

ourselves," said Joe Torre, the Yankees' manager, after New York's 6-0 victory. "It makes you feel good to beat the team with the best record in the National League, a team that's been winning year in and year out."

Chad Curtis hit a two-run homer and Paul O'Neill had a two-run triple as the Yankees broke the game open with a five-run sixth inning.

New York won two games in Atlanta by a combined score of 16-6 after splitting two at Yankee Stadium.

Tigers 6, Cubs 4. For the second straight day, Sammy Sosa homered against AL pitching while his team lost in Detroit.

Sosa's home leading off the seventh broke the major-league mark for most homers in a month. Sosa's 19th home in June and 32d of the season moved him past Detroit's Rudy York, who hit 18 homers in August 1937.

"I'm happy I'm in the book, but for me it doesn't mean nothing right now because we lost the game," said Sosa.

Tony Clark's three-run homer on the seventh broke a 3-3 tie and gave Detroit a two-game sweep of visiting Chicago.

Indians 8, Cardinals 2. Mark McGwire homered in an AL park for the second

straight game, but his team lost — for the second straight game. McGwire hit a 461-foot blast off Dave Burba in the first inning, his 35th home run this season.

Asked to talk about his homer, McGwire said, "No. We lost."

But Cleveland's Jim Thome, a friend of McGwire, was eager to praise him: "If there's one guy in baseball who we want to do it, it's him," Thome said, referring to McGwire's chance to break Roger Maris's record of 61 homers in a season.

Thome hit a two-run homer in the fifth and a bases-empty shot in the eighth, his 21st of the season.

Rangers 9, Diamondbacks 4. Will Clark and Ivan Rodriguez drove in three runs each in Phoenix, and Todd Van Poppel won for the first time in nearly two years.

Angels 6, Dodgers 2. At Dodger Stadium, knuckleballer Steve Sparks, 0-8 in the minors before being called up by Anaheim two weeks ago, won his third consecutive start. Sparks, who missed all of 1997 after elbow surgery, allowed one run and four hits in seven innings.

Padres 6, Mariners 0. In San Diego, Steve Finley doubled twice and scored both times, and Tony Gwynn drove in two runs for the Padres for the victory.

Blue Jays 1, Expos 0. Woody Williams (8-3) pitched a five-hitter for his first career shutout, and Mike Stanley homered as Toronto won in Montreal.

Mets 3, Orioles 2. Carlos Baerga singled home the winning run with two outs in the ninth inning as New York swept the two-game series.

Marlins 5, Devil Rays 1. Livan Hernandez pitched an eight-hitter for his



John Kruzel/Associated Press

second consecutive complete game for the host Marlins, who swept the first all-Florida series.

Athletics 5, Giants 2. In San Francisco, Rickey Henderson hit a two-run single in the fourth inning as Oakland won its second straight.

Red Sox 7, Phillies 2. Cal Eldred allowed two runs in 7 1/2 innings and visiting Milwaukee scored three runs, with the aid of three Minnesota errors, in the top of the first.

Rays 6, Pirates 1. In Kansas City, Jeff Conine and Larry Sutton each homered against Pittsburgh.

Rockies 6, Astros 5. Kurt Abbott doubled off the wall in left-center, scoring Vinny Castilla with the winning run as Colorado swept the two-game NL series against Houston in Denver.

Padres 6, Pirates 1. In Kansas City, Jeff Conine and Larry Sutton each homered against Pittsburgh.

Red Sox 6, Yankees 5. In Boston, Pedro Martinez (17) struck out 10 and allowed one run and four hits in seven innings.

Marlins 5, Devil Rays 1. Livan Hernandez pitched an eight-hitter for his

Formula One High-Stakes Overtaking Look for More Exciting Off-Track Tactics at French Grand Prix

By Brad Spurgeon
International Herald Tribune

PARIS — American motor racing fans often complain that Formula One is boring because there is so little overtaking. This year, overtaking has become more difficult than ever and that is what has made this Grand Prix so exciting.

With drivers searching desperately for a way to pass, the races have become an exciting, dangerous comedy of errors.

As the season reaches its halfway point this weekend at the French Grand Prix, it is clear that because overtaking is increasingly risky and, potentially, costly to drivers, the most effective way to do it is off-track — through pit-stop strategy.

Modern Formula One cars are highly dependent on down-force, the aerodynamic effect that pushes a car to the track and helps in cornering. Other cars can interfere with that down-force, so when cars get close enough to overtake, they often become uncontrollable.

Another difficulty is the sinusous, narrow composition of most Formula One tracks. These problems weigh on drivers' minds.

Jacques Villeneuve, the world champion and former IndyCar champion, said before the Canadian Grand Prix three weeks ago that part of the problem was attitude.

He said that in 1996 when he arrived in Formula One from IndyCar, where overtaking is incessant on oval tracks, "the only thing people could tell me was that overtaking was impossible, and that you shouldn't even bother to try."

"If you go into a race in that spirit," he added, "all you think of is when to make the next pit stop, to give yourself a chance of overtaking someone."

But, as Villeneuve was to discover three days later, the narrow tracks do not help. During the Canadian Grand Prix, Villeneuve tried to pass Giancarlo Fisichella, who was second, on a treacherous corner. He did not have enough room, and was too close to the edge of the track. His brakes locked and he went into the sand trap. When he re-emerged, he was struck from behind by another car and finished the race in last place.

Fisichella also knew well the cost of overtaking. During the Spanish Grand Prix in May, he attempted to overtake Eddie Irvine by braking late at the end of the straightaway, but the Ferrari driver also braked late, their cars collided and both spun out of the race. The stewards fined Fisichella \$7,500 for dangerous driving.

Two races later in Monaco, Irvine attacked Heinz-Harald Frentzen on a hairpin turn, pushing him off the track and into the wall. The hapless Frentzen would again be shoved off by a Ferrari in Canada when Michael Schumacher, coming out of the pit lane, drove across Frentzen's path. Schumacher, who claimed he did not see him, was penalized 10 seconds but still won the race.

If he had come out of the pits behind Frentzen, who was in third, Schumacher would have lost precious time trying to overtake him.

At the Argentine Grand Prix in April, Schumacher won the race after gaining the lead through a collision with David Coulthard on lap five.

In Monaco, in an exciting but costly sequence, Schumacher overtook Alexander Wurz on a hairpin curve. Wurz immediately passed again. At the next

THE WEEK AHEAD

SATURDAY, JUNE 27

ATHLETICS, New Delhi, India — ITC International Meet, New Delhi.

CRICKET, Sri Lanka — Sri Lanka vs. India.

FORMULA 1, Monaco — Japan vs. India.

ROWING, Henley on Thames, England — Henley Royal Regatta, to July 5.

TUESDAY, JULY 1

CRICKET, Manchester, England — England vs. South Africa, 3rd test, to July 6.

GOLF, Kinsale, Ireland — men, Murphy's Irish Open, to July 4.

SWIMMING, men, Hartford Open, to July 5.

WATER POLO, Rio de Janeiro, Brazil — women, World Cup, to July 5.

WRESTLING, Paris, France — men, World Cup, to July 5.

WRESTLING, Paris, France — women, World Cup, to July 5.

WATER POLO, Paris, France — men, World Cup, to July 5.

WATER POLO, Paris, France — women, World Cup, to July 5.

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World Cup

SATURDAY-SUNDAY, JUNE 27-28, 1998

WORLD CUP BRIEFS

U.S. Women Draw With Germans, 1-1

Cindy Parlow's goal in the 76th minute gave the U.S. women's soccer team a 1-1 draw with Germany in an international match in St. Louis on Thursday night.

Parlow scored on a scramble in front of the German goal, beating the goalkeeper Kersten Stegmann, who had entered the game seven minutes earlier.

The tie snapped a nine-game American winning streak. The last U.S. loss was a 4-1 defeat by Norway on March 19.

After a scoreless first half, Germany took a 1-0 lead when Melanie Hoffmann scored the first international goal of her career. She beat the U.S. goalkeeper Briana Scurry from 16 meters out in the 50th minute.

(AP)

Match-Rigging Alleged

FIFA is investigating allegations of match-rigging in the Nigeria-Paraguay game. Nigerian newspapers reported, but a FIFA spokesman in Paris declined to comment on the reports on Friday.

Nigeria lost, 3-1, on Wednesday to Paraguay, which had not managed to score in its first two group matches. The Nigerians fielded a mostly second-string team.

Nigeria's loss meant that Spain, despite crushing Bulgaria, 6-1, was eliminated from the tournament. Spain needed Nigeria to win to advance to the second round.

The chairman of the Nigeria Football Association, Abdumini Aminu, dismissed the allegations.

"The players tried their best but the God of soccer did not certainly smile on them," he said.

Nigeria's coach, Bora Milutinovic, justified his decision to make changes to his team for the final group match because he did not want to risk losing players for the second round who had yellow cards.

(AP)

Sao Paulo Pulls the Plug

Electricity consumption drops sharply in Sao Paulo when the Brazilian team plays World Cup matches, according to the Brazilian utility Cia Paulista de Forca e Luz.

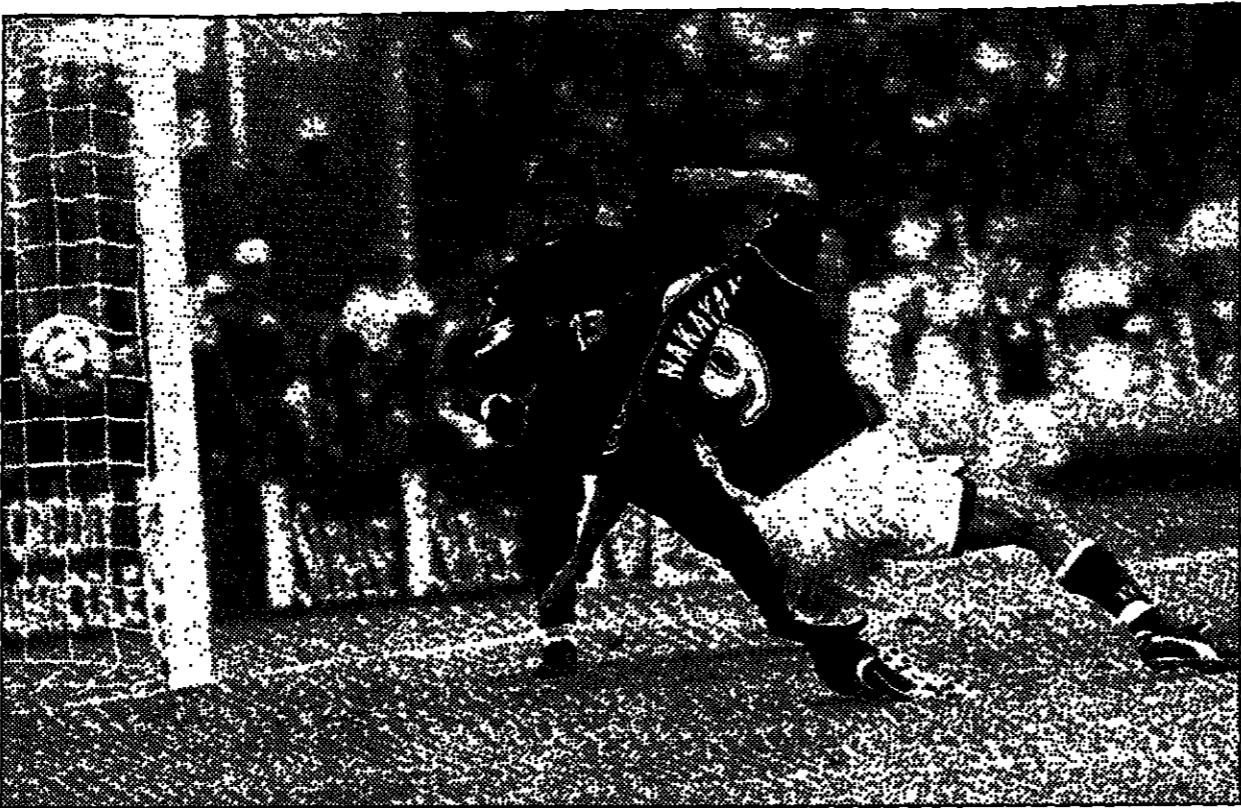
The utility, known as CPFL, said Thursday that consumption had plummeted from 2,580 megawatt hours to 1,929 megawatt hours between 10:45 A.M. and 1 P.M. on June 10, when Brazil was playing Scotland in the World Cup opener in Saint Denis, France.

At halftime, energy consumption rose by 40 megawatt hours, but quickly dropped back when the second half started. It rose again after the game ended.

The pattern was repeated on July 16 and 23, when Brazil played Morocco and Norway, the power company said.

Brazil comes to a virtual standstill during World Cup matches, as offices clear out early, factories stop, shops close and streets are emptied.

(Reuters)



Masashi Nakayama shooting past Jamaica's Aaron Lawrence for Japan's first-ever World Cup goal on Friday.

First Victory Is Jamaica's Last Word

The Associated Press

LYON — Jamaica won its first-ever World Cup match on Friday, with Theodore Whitmore scoring twice to secure a 2-1 victory over Japan.

In a farewell battle of tournament newcomers who were already eliminated from second-round competition, Whitmore scored in the 40th and 54th minutes in the first World Cup victory by a Caribbean nation since Cuba beat Romania, 2-1, in 1938, also in France.

The loss ended a hard-luck tournament for Japan, the 2002 World Cup co-host, which proved in its three games that it can do everything except score. Once again, the Japanese play on defense and in midfield was competent and sometimes masterful.

But the team lacked a quality striker to finish off the chances and left France with only one goal in three matches — Masashi Nakayama's strike in the 74th minute.

Whitmore added his second when the Japanese defense gave him space to take Fitzroy Simpson's pass down the right wing.

The midfielder spun the defender Norio Soma around and nailed a left-footed drive.

Japan hit the post and forced Jamaica's goalkeeper, Aaron Lawrence, to make several solid saves in the second half. The Japanese finally broke through when Naoki Soma's long ball was headed by Wagner Lopes to Nakayama, whose shot from 8 meters easily beat Lawrence.

Jamaica was content to play a long-ball strategy in the early minutes, then stepped up the attack when the Japanese grew frustrated.

Whitmore's second goal came immediately after a missed Japanese scoring opportunity, when its deflated defenders were caught off guard.

Jamaica had a goal disallowed in the 15th minute when Ian Goodison, who headed in a corner kick from Simpson, was apparently cited for pushing by the Austrian referee, Gunter Benko.

Argentina and Its Defense Stay Perfect

The Associated Press

BORDEAUX — Argentina kept a perfect World Cup record Friday, beating Croatia 1-0 to win Group H, and the South Americans' stifling defense remained the only one not to concede a goal in the first round.

And a defender made the difference up front, too. In the 36th minute, a deep pass from Daniel Ortega was deflected into the path of the defender Hector Pineda on the left. With the Croatian defense swarming, Pineda took his time to put the ball past Drazan Ladic.

Both teams were already assured of advancing to the second round, so only first place in the group was at stake.

The best chance in the lackluster Croatian performance came in the 63rd minute when the substitute Goran Vlaovic unleashed a 27-meter drive that crashed into the post, with the goalkeeper Carlos Roa well beaten.

For most of the match, Argentina provided the action. On the stroke of half-time, Marcelo Gallardo almost added a second goal, when he hit a free kick into the wall and was allowed to line up the rebound from 12 meters, forcing a save from Ladic.

In the 71st minute, the defender Roberto Ayala slalomed through the Croatian defense and his curling right-foot shot went just on the wrong side of the post.

Gabriel Batistuta, the joint top scorer in the competition with four goals, had a mediocre game and he was easily held in check by the Croatian defense.

Croatia's Davor Suker was limited to a long-range header, but little else.

Croatia was forced to commit several fouls to keep the South Americans at bay. In the 21st minute, the Croatian defender Slaven Bilic was given a yellow card for pulling down Batistuta close to the penalty area.

Two minutes later, Ortega committed a similar foul in the midfield on Dario Simic and was given a yellow card. Argentina's Ayala got a yellow card for a late tackle on Aljose Asanovic in the 35th minute.

And in the 44th minute, Zvonimir Soldo got one for a body check on Ortega, which means he will be suspended for the second-round game.

At the beginning of the second half, Zvonimir Boban, the captain, got a yellow card for a late tackle on the midfielder Juan Veron. And in the 59th minute, Robert Jani got yet another for protesting a referee's decision.

Croatia was boosted by the return of Boban, who sat out the Japan game with a pulled leg muscle. After routing Jamaica 5-0 and defeating Japan 1-0, Argentina needed only a draw to finish atop the group.

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Second-Round Rivals to Reckon With Some Ghosts of Games Past

Compiled by Our Staff From Dispatches

Soccer history looms over the first two second-round matches Saturday, as old adversaries meet with a place in the quarterfinals at stake and some scores to settle.

Italy vs. Norway, Marseille, Saturday, 4:30 P.M. Four years ago in New Jersey, Italy and Norway met in the final match in the group stage. Italy needed to victory to advance. Norway needed only a draw. The Italian goalkeeper, Gianluca Pagliuca, was sent off after 21 minutes, but Italy, playing with 10 men, won and went on to reach the final.

The defender Giuseppe Bergomi, who will replace the injured Alessandro Nesta, was sent off in Italy's 2-1 defeat in Oslo in the qualifiers for the 1992 European championship. That loss cost the Italians a place in the tournament.

Nesta's absence could cause a problem. He would have been the natural candidate to

mark Tore Andre Flo, Norway's towering but nimble striker. Cesare Maldini, the Italian coach, must choose between the less mobile Bergomi or Captain Paolo Maldini, who normally plays in a wider position.

Maldini has not said whether he will start Roberto Baggio or Alessandro Del Piero in attack alongside Christian Vieri, joint top scorer in the competition.

Brazil vs. Chile, Paris, Saturday, 9 P.M. The last time these teams met in World Cup competition was in Rio de Janeiro in 1989, when the Chilean team walked off in the second half after a firecracker thrown from the crowd landed near the Chilean goalkeeper, Roberto Rojas.

FIFA judged that Rojas had feigned injury, banning him for life and Chile from the 1994 World Cup qualifying competition.

This game, between two teams known for their strong attacks and suspect de-

fenses, is potentially one of the most exciting of the tournament.

Chile vs. Paraguay, Lens, Sunday, 4:30 P.M. Paraguay and France have met only once before, in the 1958 World Cup in Sweden, when Just Fontaine scored a hat-trick in a 7-3 French victory.

France won all of its group matches; Paraguay is unbeaten and conceded only one goal. France meets a side that, apart from Jose Luis Chilavert, has no real star and is greater than the sum of its individual parts, with teamwork its hallmark. It also has no problems with injuries or suspensions.

The Chileans have to replace three play-

ers who are suspended for picking up two yellow cards: the right-back Moises Vilardo, the left-back Francisco Rojas and the defensive midfielder Nelson Paraguez.

Coach Nelson Acosta is expected to replace Villarreal with Fernando Cornejo, Rojas with Mauricio Armos and Paraguez with either Miguel Ramirez or Luis Musri.

France vs. Paraguay, Lens, Sunday, 4:30 P.M. The impressive Nigerians have, in patches, played the best soccer of the tournament, while the Danes, in spite of occasional flashes from the Laudrup brothers, have disappointed. But at one crucial position the Danes have an advantage: goalkeeper Peter Rufai, the Nigerian keeper, has looked shaky and has been reluctant to jump to gather crosses and corners, an area in which Peter Schmeichel of Denmark excels.

Nigeria will be without the striker Daniel Amokachi, who started the early matches but is injured. The Danes will be without Miklos Molnar, who is suspended.

Worldwise coverage

via the World's Daily Newspaper

Herald Tribune

Comprehensive yet concise, informed yet impartial, the affairs of the world unfold on the pages of the World's Daily Newspaper.

judging and U
heanks Go
show, the World Cup

30 England Fans Are Held After Clashes With Police

Compiled by Our Staff From Dispatches

fan was injured after he was hit in the neck by a bottle, witnesses said.

Two young Frenchmen were later arrested for provocation.

At least 20,000 English fans, more than half without tickets, were expected for the match, which was placed under heavy security after violence involving German and English hooligans earlier in the tournament.

Bars, restaurants and shops in Lens were banned from selling alcohol from Friday morning to Saturday morning. In Lille, alcohol sales were allowed only until 10 P.M.

In other disturbances, 52 soccer fans were taken into custody Thursday night for running amok in the North Sea port of Ostende, Belgium, after arriving by ferry. Fifty were to be deported Friday, while two others were to appear before an investigating judge.

Lens was the scene of rioting by German fans last Sunday. A French policeman was hit in the head with an iron bar remains in a coma.

The French newspaper Le Monde on Thursday cited an intelligence memo as saying German extremists planned to travel to Lens "to combat the English enemy and try to gain the title of best hooligans of Europe."

Prince Charles and his son Prince Harry were to attend the England-Colombia match on Friday.

(Reuters)

ED CUP Score

PEANUTS

DOG FOODY HAS A MEMBER LITTLE SPINNIE TOUCH OF

GARFIELD

EVEN THOUGH HE'S GOING TO EAT A LITTLE

BEETLE

CHEERS AND WINE NOW WITH KODAK HOTSHOTS

BLONDIE

LET'S GET DOWN AND DIRT

SATURDAY-SUNDAY, JUNE 27-28, 1998
d Fans Are Held
With Police

Feuding and Unhappy, The Yanks Go Home

Somehow, the World Cup Will Continue

By George Vecsey
New York Times Service

NANTES, France — Say good-bye to the American World Cup team. It was to soccer what American cheese is to food: bland, formless, ultimately harmless.

They disappeared into history Thursday night with a 1-0 loss to Yugoslavia, which is no shame, because Yugoslavia

had the firepower of a semifinalist team. However, the Americans had already identified themselves as mushy and previous losses to Germany and Iran.

The team had little in common with the team that qualified from a grueling two-year tournament in the Americas. That team was dismantled by the coach, Steve Sampson, in recent weeks.

Sampson's reward for such last-minute tinkering will surely be his freedom to seek new challenges in the wonderful world of work. The officials of the U.S. Soccer Federation called a press conference in the wee hours Friday to insist that Sampson had not been dismissed, but that a decision would be made within 30 days.

Sampson's departure will come too late for the cadre of veterans who held the team together for much of this decade but were discarded in recent months.

In recent days, Alexi Lalas made grumpy remarks about the demise of the team. To combat the mutterings, Alan Rothenberg, president of the federation, addressed the players Wednesday. He said there was no threat involved. "I just told them to think about what you say. Don't say anything you might re-

gret." But in the land of *liberté, fraternité, égalité*, a few of the lads felt they had the freedom to say a few words after the game.

"We'll all get older, and we'll all have scrapbooks," said Lalas. "I'm satisfied with myself, even though I didn't play a minute here. I'll be satisfied with my scrapbook. I'm comfortable that I have the respect. Steve has to be satisfied with his scrapbook."

"For one reason or another, this whole thing was a shambles," said veteran Tab Ramos, who noted that 17 players saw action in the first two games, and "everybody felt he should play."

Rothenberg and his associates talked up the future of U.S. soccer. Sunil Gulati, vice president of the federation, said the United States used to have a pool of 20 players but now has 100 good players available.

Rothenberg said that even though the United States had reached the second round in 1994, this year's three-and-out performance was in some ways an improvement. He must have been watching Nigeria or Mexico. The U.S. team basically could not pass or shoot.

But the lads did qualify for France, which allowed hundreds of Americans to wander around this lovely Loire estuary town, eating crustaceans and wearing their Sam's Army t-shirts.

Some of the lads take a brief vacation before their European clubs start again. Others will play for their Major League Soccer teams as soon as Saturday.

In the meantime, there are more crustaceans in Nantes, and 16 good soccer teams start the second round Saturday. Oddly enough, without the Yanks, the world keeps spinning.

WORLD CUP SCOREBOARD

FIRST ROUND

GROUP A									
	W	T	L	GF	GA	Pts			
• Brazil	2	0	1	6	3	6			
• Norway	1	2	0	5	4	5			
• Mexico	1	1	2	2	3	4			
• Scotland	0	1	1	2	2	1			
• England	2	1	0	7	3	7			
• Morocco	2	0	2	5	4	6			
• Norway	1	1	1	2	2	3			
• Scotland	0	2	1	3	4	2			
• Brazil	2	1	0	7	3	7			
• Morocco	2	0	2	5	4	6			
• Norway	1	1	1	2	2	3			
• Scotland	0	2	1	3	4	2			
• Brazil	2	1	0	7	3	7			
• Morocco	2	0	2	5	4	6			
• Norway	1	1	1	2	2	3			
• Scotland	0	2	1	3	4	2			
• Brazil	2	1	0	7	3	7			
• Morocco	2	0	2	5	4	6			
• Norway	1	1	1	2	2	3			
• Scotland	0	2	1	3	4	2			
• Brazil	2	1	0	7	3	7			
• Morocco	2	0	2	5	4	6			
• Norway	1	1	1	2	2	3			
• Scotland	0	2	1	3	4	2			
• Brazil	2	1	0	7	3	7			
• Morocco	2	0	2	5	4	6			
• Norway	1	1	1	2	2	3			
• Scotland	0	2	1	3	4	2			
• Brazil	2	1	0	7	3	7			
• Morocco	2	0	2	5	4	6			
• Norway	1	1	1	2	2	3			
• Scotland	0	2	1	3	4	2			
• Brazil	2	1	0	7	3	7			
• Morocco	2	0	2	5	4	6			
• Norway	1	1	1	2	2	3			
• Scotland	0	2	1	3	4	2			
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• Morocco	2	0	2	5	4	6			
• Norway	1	1	1	2	2	3			
• Scotland	0	2	1	3	4	2			
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• Scotland	0	2	1	3	4	2			
• Brazil	2	1	0	7	3	7			
• Morocco	2	0	2	5	4	6			
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• Brazil	2	1	0	7	3	7			
• Morocco	2	0	2	5	4	6			
• Norway	1	1	1	2	2	3			
• Scotland	0	2	1	3	4	2			
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• Norway	1	1	1	2	2	3			
• Scotland	0	2	1	3	4	2			
• Brazil	2	1	0	7	3	7			
• Morocco	2	0	2	5	4	6			
• Norway	1	1	1	2	2	3			
• Scotland	0	2	1	3	4	2			
• Brazil	2	1	0	7	3	7			
• Morocco	2	0	2	5	4	6			
• Norway	1	1	1	2					

